

**FBI**

# DAILY REPORT

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*China*

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## Roundup Views Aftermath

OW161452 Beijing XINHUA in English 1414 GMT 16 Apr 86

["Roundup: Thoughts After U.S. Retaliatory Attack by Bao Guangren" -- XINHUA Headline]

[Text] Washington, April 15 (XINHUA) -- At zero hours GMT today, 18 bombers and 15 fighter-bombers of the United States hit Tripoli, Libya's capital, and Benghazi, its second largest city, accomplishing reportedly the largest American air raid since the end of the Vietnam War. Two hours after the raid, President Ronald Reagan made a televised address from the White House, briefing on and defending the military actions.

The United States had obtained "irrefutable" evidence that Libya had "planned and executed" the April 5 bombing in a West Berlin discotheque which killed an American soldier and a Turkish woman and injured 230 others, among them some 50 American military personnel, Reagan said. The U.S. military actions were aimed at stopping the ongoing and future terrorist activities, Reagan said. "We have done what we had to do. If necessary we shall do it again," he added. The military actions taken by the United States in another country's territory under the pretext of settling an international issue have aroused worldwide condemnation.

France, a U.S. ally who have expressed objections to the U.S. actions, refused overfly of U.S. bombers across French airspace to hit Libyan targets.

In the U.S. Congress, however, many of those who used to speak against the policies of the Reagan administration have now sided with Reagan, while 80 percent of the several thousand ordinary Americans who made telephone calls to the White House after the air strike voiced support, according to a telephone record released by the government. Former U.S. Secretary of State Henry Kissinger and former U.S. President Jimmy Carter expressed support for the government actions by stating in a TV interview this morning that it was about time to teach Libya a lesson. A majority of Americans, extremely disgusted with the indiscriminate terrorist acts against U.S. citizens, reportedly believed that the United States, as a superpower, should not tolerate such offenses and that it was the right time to punish Libya since the administration had obtained "irrefutable" evidence on Libya's involvement in international terrorism.

Though discord between the United States and Libya can be traced many years back, a radical deterioration of the relations between the two countries began only late last month when three U.S. aircraft carriers participating in "military maneuvers" in the Mediterranean entered an area of the Gulf of Sidra which Libya had declared to be part of its territorial waters. The obvious muscle-flexing of the U.S. military under the pretext of free navigation in international waters sparked off the first military clashes between the United States and Libya on March 24 when Libya fired missiles at U.S. aircraft and the United States retaliated with missile attacks on Libyan patrol boats and a land-based missile site. Three weeks later today, the United States, allegedly acting in retaliation for the West Berlin discotheque blast, attacked Libyan territory again in total disregard of the norms of international relations.

Despite the fact that few Americans have taken the trouble to ponder why their country has become a target of terrorist activities and whether these attacks had anything to do with Reagan's foreign policies towards the Middle East, some cool-headed Americans have considered the possible outcome of the U.S. "retaliation." Some of them have taken note of the lesson that Israel, claiming to "punish terrorism," has frequently attacked Lebanon only to bring miseries to the war-ridden Lebanese people and to stir up more and more "terrorist activities" against itself.

Many Americans feared that the U.S. attack on Libya would lead to a vicious circle of "punishment" and "counter-punishment" and a bigger death toll of the Americans. "U.S. NEWS AND WORLD REPORT" said in an article published one week before the U.S. attack that "an Israeli-style raid on Libyan targets might unleash tit-for-tat retribution with no end in sight." In another article titled "Can Reagan Make Al-Qadhdhafi Cry Uncle?," the U.S. newsmagazine also analyzed the advantages and disadvantages of a possible U.S. military strike on Libya. "NEWSWEEK", another U.S. magazine, warns that "Washington faced the risk of a protracted, escalating struggle with Libya."

It was reported that U.S. allies in West Europe were also worrying about a "reverse effect" of U.S. military actions against Libya, saying such actions were likely to "suck the U.S. into a spiral of violence." [Beijing XINHUA Domestic Service in Chinese at 1256 GMT on 16 April 86 in an otherwise identical report adds the following sentence: "Unscrupulously playing power politics in handling international relations is not only unpopular but will also lead to grave consequences, which are dreadful to contemplate"].

It is still not known, however, whether the decision-makers of the U.S. government will be cool-headed enough to rethink the whole drama after the administration has vented its anger on Libya with a military strike.

#### 'Planned Military Aggression'

OW161415 Beijing International Service in Mandarin 0900 GMT 26 Apr 86

[Station commentary: "Immediately Stop the Military Aggression against Libya"]

[Text] The United States outrageously conducted air raids on the capital and a series of other ground targets of Libya on 15 April, once again escalating the tension in the Mediterranean. This is brazen aggression against a sovereign country which has caused outrages among and drawn condemnations from the international community. For a long time, the United States had adopted a policy of hostility toward Libya and made military threats against it.

At the beginning of this year, the United States took economic sanctions against Libya while amassing its military forces in the Mediterranean. No sooner than that, U.S. naval and air forces held a series of military exercises in waters off the Libyan coast. U.S. officials have also repeatedly said that the United States will carry out a surgical type of attack against Libya. In late March, it attacked Libyan naval vessels and military targets on Libyan territory, stirring up military conflicts between the two countries.

Last week, the United States again dispatched a huge fleet, including two aircraft carriers, to the Mediterranean and deployed it in a position from which it could wage direct attacks on Libya; it was maintained in a ready-to-strike state. At the same time, President Reagan sent special envoy Walters to Western Europe to ask U.S. allies to support military action against Libya. All this indicates that the U.S. attack on Libya was planned military aggression.



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The United States has claimed that its military action against Libya was in retaliation against Libya's support for terrorist activities. This is apparently an attempt to find an excuse for its aggression. The international community has always opposed terrorism, as well as infringement on other nations' sovereignty and pursuance of a gunboat policy. The brazen U.S. armed attack on the capital of a sovereign country under the pretext of countering antiterrorist activities is a serious violation of international norms. It not only has trampled on the independence and security of a nation but has also threatened international peace and escalated tensions in the Mediterranean and Middle East.

Disputes between nations should be justly and reasonably settled through peaceful dialogue. The U.S. Government should immediately stop its aggression against Libyan territory and sovereignty. People also hope that other parties concerned will refrain from taking hostile actions so that the situation will not deteriorate further, and peace and stability in the region can be maintained.

#### Pentagon Reports Damage

OW160913 Beijing XINHUA in English 0741 GMT 16 Apr 86

[Text] Washington, April 15 (XINHUA) -- The U.S. attacks on five targets in Libya destroyed many planes and hangars and caused serious damage to the main headquarters of Libya's "terrorist organization," the Pentagon said today. Pentagon spokesman Robert Sims provided the most extensive assessment of the U.S. attacks. While saying the assessment was still preliminary, Sims said the Pentagon had determined three to five Soviet-made IL-76 transport planes had been damaged during the attack on the Tripoli airport, and five to 12 Soviet-made MiG-23 fighters damaged during an attack on the Benina military airfield near Benghazi. He said the alleged "terrorist nerve center" in Libya and the barracks at Al-'Azizyah suffered "structural damage."

He disclosed that U.S. Navy A-7 and F A-18 jets had fired "dozens" of harm and shrike missiles at Libyan radar installations and missile batteries just before U.S. Air Force F-111 bombers and Navy A-6 attack jets launched their bombing runs. He said the United States ordered Air Force F-111s from Britain to join the attack because the Navy jets from the carriers Coral Sea and America near Libya could not carry out the simultaneous attacks on five Libyan targets.

The spokesman said no U.S. forces are in the area now, except for those involved in a search-and-rescue operation for a missing U.S. warplane. He admitted that one Air Force F-111 bomber is missing. Sims denied reports on Libya radio that new American attacks are expected.

#### Al-Qadhdhafi Survives Raid

OW151357 Beijing XINHUA in English 1254 GMT 15 Apr 86

[Text] Washington, April 15 (XINHUA) -- Libyan leader Mu'ammal al-Qadhdhafi has survived a U.S. air raid on his Tripoli headquarters on Monday and life in the Libyan capital is returning to normal Tuesday morning, according to U.S. television station cable news network. Libyan information director Ibrahim Saqr was reported to say Al-Qadhdhafi is "ok" after the U.S. mid-night bombing conducted by 18 F-111 bombers from Britain and 15 fighter-bombers from the U.S. aircraft carriers.

The air strikes, aimed at military installations in eastern and western Libya and Al-Qadhdhafi's headquarters in Tripoli, injured some of the Libyan leader's family members, Libyan radio reported. Tuesday morning after sunrise, cars and people doing shopping were seen on the Tripoli streets, reports reaching here said.

## Possible Internal Power Struggle

OW162110 Beijing XINHUA in English 2100 GMT 16 Apr 86

[Text] Washington, April 16 (XINHUA) -- The Chairman of the U.S. Joint Chiefs of Staff, Admiral William Crowe, today declined to confirm reports that there were fighting between Libyan leader Mu'ammар al-Qadhafi's supporters and those troops opposed to him, but he admitted that "it's an interesting report." Reports from Tripoli said machine-gun fire broke out near Libyan Leader Mu'ammар al-Qadhafi's headquarters in the Libyan capital and called it "an apparent internal power struggle."

THE WASHINGTON TIMES today quoted an unidentified "high-ranking West European intelligence source" as saying Al-Qadhafi fled to North Yemen after the U.S. attacks. However, the paper said there was no evidence Al-Qadhafi had left Libya.

Interviewed on the NBC "Today Show" this morning, Crowe said, "I'm afraid I don't know very much about that and I have difficulty explaining it." He said he would not put very much in first reports. He would bide time until he gets more accurate information, he added. Asked whether the U.S. wants to be in a position to assist those who might want to oppose Al-Qadhafi, Crowe said, "we certainly are opposed to the Al-Qadhafi regime," adding that "we would wish them well."

## USSR Charges U.K. Complicity

OW170704 Beijing XINHUA in English 0639 GMT 17 Apr 86

[Text] Moscow, April 16 (XINHUA) -- The Soviet Union today accused Britain of participating in the U.S. acts of aggression against Libya and urged the British Government to take all possible measures to put "an immediate end" to them.

British Ambassador to Moscow Sir Bryan Cartledge was summoned by Soviet Deputy Foreign Minister Anatoliy Kovalev and told that the British Government has become "a direct accomplice" in the U.S. military operation against Libya by allowing the U.S. Air Force to use its military bases in British territory. Kovalev noted that the British Government "shares responsibility for the casualties suffered by the civilian population of Libya, for the heightening of tension in the Mediterranean and for the negative consequences to the cause of peace," the official Soviet news agency TASS said. Kovalev expressed the hope that the British Government would "draw appropriate conclusions" from the current situation and would take all possible measures "for an immediate end to the aggressive actions against Libya."

Meanwhile, Soviet Foreign Ministry spokesman Vladimir Lomeyko said at a press conference today that the Soviet Foreign Ministry also summoned the U.S. ambassador to Moscow and told him the Soviet Union's decision on canceling the meeting between Soviet Foreign Minister Eduard Shevardnadze and U.S. Secretary of State George Shultz scheduled for next month. Lomeyko also said under the present circumstances it is "obviously absurd" to talk about another summit meeting between Soviet leader Mikhail Gorbachev and U.S. President Ronald Reagan.

## Thatcher Defends Raid

OW160358 Beijing XINHUA in English 0249 GMT 16 Apr 86

[Text] London, April 15 (XINHUA) -- British Prime Minister Margaret Thatcher today defended the U.S. air strike on Libya and her decision to allow U.S. jet planes to attack Libya from air bases in Britain.

In a parliament statement, the Prime Minister accused Libya and Libyan leader Mu'ammarr al-Qadhafi of sponsoring and promoting terrorist actions and described terrorism as "a scourge of the modern age."

"The government has evidence showing beyond dispute that the Libyan Government has been and is directly involved in promoting terrorist attacks against the United States and other Western countries, and it had made plans for a wide range of further terrorist attacks," she said. She stressed that Britain itself suffered from Libyan terrorism, pointing to the killing of a British policewoman outside the Libyan People's Bureau (embassy) here two years ago and the Libyan Government's direct and continuing financial and military support for the Provisional Irish Republican Army (IRA). She confirmed that she was informed by U.S. President Ronald Reagan last week that the United States intended to take military action to deter further Libyan terrorism and President Reagan had sought British support for this action.

"In view of Libya's promotion of terrorism, the failure of peaceful means to deter it, and the evidence that further attacks were threatened," she assured President Reagan of Britain's support for "action directed against specific Libyan targets demonstrably involved in the conduct and support of terrorist activities", and gave permission for the use in the operation of some U.S. aircraft bases in Britain.

Replying to the prime minister's statement in the Commons, Labor Party Leader Neil Kinnock asked if the prime minister had seen the evidence of Libyan complicity in terrorist attacks. Kinnock said even if the evidence against Al-Qadhafi was proved, "last night's bombing cannot be justified as an act of self-defence under international law." He pointed out that last night's attack reportedly caused many civilian casualties and damage to some foreign embassies. He called on Mrs Thatcher to join in the condemnation of the United States. The U.S. attack had "fractured relationship within the Western alliance," he said. Kinnock has also said Britain was destroying its world role by "giving the impression that we are the 51st state of the United States of America."

Liberal Party Defence spokesman Paddy Ashdown accused Prime Minister Thatcher of acting as "Mr Reagan's poodle."

This morning, British Foreign Secretary Geoffrey Howe also defended U.S. air strikes against Libya and Britain's involvement in an interview with BBC TV.

Britain is the only one European U.S. ally to have supported the U.S. air raids on Libya last night. Mrs Thatcher's statement has aroused strong condemnation from the opposition parties. It is expected that there will be a heated debate in the House of Commons on this matter tomorrow.

#### U.S. Blames USSR

OW170732 Beijing XINHUA in English 1713 GMT 17 Apr 86

[Text] Washington, April 16 (XINHUA) -- The United States today blamed the Soviet Union for failing to restrain alleged Libyan backed terrorists from bombing a West Berlin discotheque earlier this month.

State Department spokesman Bernard Kalb told reporters today that on March 27 the United States advised Soviet officials in Washington and Democratic German officials in Berlin that the United States had evidence indicating Libya was planning actions against U.S. interests and citizens in West Berlin. The U.S. then urged officials of both governments to restrain the Libyans. "Had they done so, this entire cycle of events would have been avoided," said Kalb.



He said the United States on several occasions explicitly offered to consult with the Soviet Union on the question of Libyan support for terrorist activities, "But they have not taken us up," Kalb said. He said that "at every stage of the events leading to the U.S. actions Monday, we kept Moscow informed as to our concerns, requested their assistance and made clear that any action was not directed against the Soviet Union. Kalb said the United States previously warned the Soviets that their supply of SAM-5 missiles to Libya might encourage Libyan leader Mu'ammr al-Qadhafi to take risks which would force the United States to respond. However, Kalb said the United States rejects the Soviet claim that the U.S. action against Libya has now made it impossible for the two sides to have meeting at the foreign ministerial level.

The Soviet Union announced yesterday that it has canceled the planned meeting between U.S. Secretary of State George Shultz and Soviet Foreign Minister Eduard Shevardnadze because of the U.S. raids on Libya. Kalb said the United States has "consistently sought a serious dialogue with the Soviet Union on many problems in our relations. It is however the Soviet Union that has followed a pattern of putting off or interrupting this dialogue." He said it was the Soviet Union that broke off the start and inf [as received] nuclear arms negotiations in Geneva in the fall of 1984 after NATO began deploying Minuteman II and Tomahawk cruise missiles in Europe in response to the Soviet deployment of SS-20 missiles. Now, he said, the Soviet Union "is calling into question its commitment to the agreement reached at the Geneva Summit for an intensified dialogue at all levels, including a regular process of meetings between foreign ministers."

According to Kalb, the United States told the Soviet Union that it was ready for a foreign ministers meeting as early as January of this year. "It was the U.S. belief that an early meeting was an important way to keep up the momentum of the Geneva Summit and might help deal with and perhaps head off serious problems," he said. However, he added, the Soviet Union did not respond. The U.S. spokesman said the Soviet Union has "wasted six months since the summit," and if the Soviets do not wish to meet, "so be it."

Kalb's remarks today seemed to have hardened the U.S. position, thus casting further doubt on the possibility for a U.S.-Soviet summit this year. However, former U.S. National Security Advisor Zbigniew Brzezinski said on the ABC television program "Good Morning America" today that the summit will be held. He said he thinks the Soviets "are just posturing," because they "need the summit as much as before than we do."

#### Libya Seeks End to Hostilities

OW161244 Beijing XINHUA in English 1240 GMT 16 Apr 86

[Text] Brussels, April 15 (XINHUA) -- Libya today has asked Belgium to arrange a cessation of hostilities with the United States, Belgian Foreign Minister Leo Tindemans said here today. Tindemans told a television interviewer the request was made shortly after the U.S. air raids on Libya early this morning.

The Belgian ambassador in Tripoli, Roland Burni, who represents U.S. interests in Libya, was called to an emergency meeting with the Libyan authorities who asked him to help in asking Washington to end American air attacks on Tripoli and Benghazi, according to Tindemans.



Belgium has been taking care of U.S. interests in Libya since Washington and Tripoli severed diplomatic relations in 1981.

There was no immediate U.S. reaction to the statement.

#### UNSC Discusses Tension

OW151359 Beijing XINHUA in English 0713 GMT 15 Apr 86

[Text] United Nations, April 14 (XINHUA) -- The U.N. Security Council met today to continue its consideration of the tension in the Mediterranean at the request of Malta.

Rajab Azzarouk, representative of Libya and the first speaker of the meeting, denied once again his country's association with the recent violence at the Rome and Vienna airports, and said that "The United States is predetermined" to brand Libya a terrorist nation so that it could commit aggression against Libya. He said if the United States committed aggression against Libya, it "would have to exercise the legitimate right of self-defence". He also called on the Security Council to condemn all use of force contrary to international norms of the U.N. Charter.

Herbert Okun, representative of the United States took the floor after the Libyan speaker. He denounced Libya for firing on U.S. ships and planes in and over "international waters" which Libya considers as its "territory waters", and for its threat against citizens of the United States and its allies. He said the Security Council would not ease tensions in the Mediterranean "if it seeks to avoid the root cause of the problem." "The root cause is the murderous behavior of the government of Libya and its agents," he asserted.

Soviet Permanent Representative Yuriy Dubinin also spoke at today's meeting. He said that "no matter how Washington tries to justify its preparations for a further military adventure, nothing could justify its actions." He also reiterated his country's call for an international conference to consider ways of reducing tension in the Mediterranean, which was already rejected by the United States.

The meeting of the U.N. Security Council will continue tomorrow.

#### PRC, Other Envoys Address UNSC

OW161303 Beijing XINHUA in English 1203 GMT 16 Apr 86

[Text] United Nations, April 15 (XINHUA) -- The U.N. Security Council today held an urgent meeting on the U.S. massive attack against Libya at the requests of Libya, Oman, Syria and Burkina Faso. Most speakers at today's meetings condemned the United States for its military action against Libya in violation of the U.N. Charter.

Rajab Azzarouk, representative of Libya, said that the United States had repeatedly spoken of article 51 of the U.N. Charter regarding self-defence, but "the barbaric, savage raids by the United States were not in self-defence." He asked, "Could this article be invoked in a Libyan raid against Texas?" He said that no speeches could conceal the savagery of the air strikes against innocent civilians in Benghazi and Tripoli, and no speeches would conceal the damage to Libyan schools, harbours, civilian airports and so on.

"The Security Council must quickly adopt an unambiguous resolution to condemn the U.S. barbaric raid," he demanded.

Muhammad al-Shaali, permanent representative of the United Arab Emirates, said that "the existence of political differences and ideological differences between states are the feature of our modern age. The U.N. Charter and other international instruments have defined appropriate peaceful means to settle those differences. However, the United States has turned its back on peaceful means." The pretext invoked by the United States to justify its aggression against Libya "has no basis whatsoever," he added.

Abdul al-Atassi, representative of Syria, said that "the world is surprised at the news of the brutal aggression carried out by the United States against Libya" while the Security Council was seeking a peaceful solution to their disputes. The U.S. military action "is a flagrant violation of the provisions of the U.N. Charter and of rules of international law".

Sa'ud al-'Ansi, permanent representative of Oman, speaking as the current chairman of the Arab group, said that "the Arab states believe that military confrontation is not the right way to solve the disputes between the states." He demanded the Security Council adopt a resolution "forcefully condemning the U.S. aggression against Libya."

Savitri Kunadi, representative of India, said that her country "is deeply shocked" by the U.S. actions against Libya "which constituted nothing less than a clear act of aggression against Libyan sovereignty and territorial integrity".

Yuriy Dubinin, permanent representative of the Soviet Union, after reading out a statement made today by the Soviet Government on the issue, said, "It is the clear duty of the Security Council of firmly condemn the armed aggression against Libya perpetrated by the United States. The council must also demand that the United States immediately cease its armed attacks on Libya, and not allow for such acts in the future."

Li Luye, permanent representative of China, also read out a statement made by the Chinese Government, expressing its deep concern and anxiety over the renewed U.S. military attack on Libya in violation of the norms governing international relations. Representatives of Bulgaria, Cuba and Democratic Yemen also spoke at the meeting.

In his speech, Vernon Walters, permanent representative of the United States, asserted that the U.S. air strike against Libya was executed in exercise of the right of "self-defence." The U.N. Security Council will continue its debate tomorrow.

#### LIAOWANG ON U.S.-LIBYAN CLASH IN GULF OF SIDRA

HK151038 Beijing LIAOWANG in Chinese No 14, 7 Apr 86 pp 6-7

[Dispatch from Cairo by contributing correspondent Mu Guangren: "Confrontation Over the Gulf of Sidra -- Comments on the U.S. Provocation Against Libya"]

[Text] On 24 and 25 March, the U.S. 6th Fleet put on an all-round show of military force at the gate to Libya. After it gained some small advantages, on 27 March, it withdrew its warships from the Gulf of Sidra, which is situated to the south of the "line of death" declared by Mu'ammarr al-Qadhafi.

The fierce waves on the Mediterranean have thus subsided and the smoke of gunpowder has vanished for the time being, but the situation remains grim.

This maneuver was carried out by the Pentagon at President Reagan's order after long-term planning and careful arrangements, and was a continuation and development of the U.S. provocation against Libya last January. Washington explained that it did so in order to punish terrorists, that this was a "routine maneuver," that it did in order to "safeguard the right of navigation," and so on, but all its explanations are only excuses. Its true aims are: first to attack Al-Qadhdhafi, and second to try to remove a "saboteur" that the Soviet Union has planted in North Africa.

#### "Punish Al-Qadhdhafi"

When the fleet set out, a senior official in the White House clearly said: "We are looking for an excuse." He said: "If Al-Qadhdhafi comes out obstinately to confront us, we will destroy him."

People may remember that on 3 January, the U.S. aircraft carrier the 'Coral Sea' sailed to an area on the Mediterranean near Libya. At that time, it was on the excuse that Libya directed surprise terrorist attacks at the offices of the Israeli Airlines corporation at the international airports in Rome and Vienna. At that time, Washington was so angry that it wanted to punish Libya. The Pentagon drew up many plans, among which was a plan to send airplanes from the aircraft carrier to invade the Gulf of Sidra in order to induce Libyan airplanes to intercept U.S. airplanes, shoot down the interceptors, and then raid Libyan air bases. As the result of the examination of the terrorism in Rome and Vienna showed that these terrorist activities had nothing to do with Libya, the plan was dropped as there was no reason for it.

However, Washington was not willing to give up. Despite its awe-inspiring stance of threat, it not only failed to bring its enemy to its knees, but roused widespread condemnation throughout the world. Later, it switched to economic sanctions, but none of its Western European allies responded. Even its citizens in Libya did not heed the White House's order and refused to withdraw from Libya. What a helpless situation!

The United States has always disliked the Al-Qadhdhafi regime. The two sides have harbored rancor against each other. In 1981, there was a clash between them at the Gulf of Sidra and two Libyan planes were downed. However, this did not make Al-Qadhdhafi restrain his speeches against the United States. For Washington, it is simply a shame for a superpower to fail to make a small country surrender.

Before this clash, a Pentagon official said: "President Reagan wants to make a show of military force." What a revelation of the true aim. In order to save its face, vent its anger, and display its power, over the past tens of days, Washington has been looking for an opportunity to do something. In February, the 6th Fleet held a maneuver at the Gulf of Sidra, but nothing happened because it did not go across the "line of death." This time, however, the United States was determined to go across the line and test Al-Qadhdhafi.

In this maneuver, the United States amassed the largest armed forces in this area since Ronald Reagan came to office. Three aircraft carriers -- the 'Coral Sea,' the 'America' and the 'Saratoga,' carrying at least 240 airplanes (F-14 and F-18) -- with 20 convoy warships including a cruiser 'Yorktown' and a destroyer, gathered in force and sailed into the Gulf of Sidra. The Pentagon's original fighting plan was to induce Libya to take the bait. If Libya came out to fight, it would fight back and "destroy" the missile bases in Libyan territory.



Sure enough, Libya launched 12 missiles against U.S. airplanes. Libya said that it downed three U.S. planes, but the United States denied this. The United States declared that it sank three Libyan patrol boats and damaged one and that it "destroyed" several SAM-5 and SAM-2 missile bases on Libyan territory.

#### Trying To Remove the Soviet Installations

It is too simplistic if we merely regard the actions of the United States as punitive actions against Al-Qadhafi. According to the American magazine "NEWSWEEK": "The Pentagon officials were more concerned about the SAM-5 antiaircraft missile launchers that the Soviet Union has installed in the Gulf of Sidra." Once the F-14 and F-18 fighters enter the Gulf of Sidra, they will be within the effective range of the SAM-5 missiles which are under the control of the Soviets. Undoubtedly, these Soviet missiles are regarded by the Americans as a thorn in their side, so Washington is always looking for an opportunity to remove those detestable Soviet installations.

In early January when the United States was sending a punitive force against Libya, the Libyans invited the Soviets to install at least seven SAM-5 missile bases in Tripoli and Sidra. In considering the plans to "punish" Qadhafi, Reagan has a principle, that is, "not to trigger off World War III." The Pentagon thought that if actions were taken to destroy the Soviet missile bases and radars, that would at the same time cause casualties to the Soviet personnel who operate the missile bases. Moreover, eight Soviet warships were always following the 6th Fleet in the Mediterranean Sea. They might provide Libya with information about the actions of the U.S. ships. It seemed that it was due to these considerations that the 6th Fleet did not enter the Gulf of Sidra in its February exercise.

However, things were quite different this time. Two weeks before it took the action, the 6th Fleet sent its cruiser Yorktown and destroyer Caron to the sea area near the Soviet naval base in the Black Sea in order to sound out the Soviet reaction. The Soviet reaction was rather mild. Moscow merely lodged a protest note through diplomatic channels. Then the United States reached a conclusion: It will not be risky if the American ships enter the Gulf of Sidra. The Americans became bolder and made up their minds to destroy the Soviet missile launchers in Libya.

Washington is celebrating the "success" of this action, but it did not succeed in saving its face before the world; instead, it has tarnished its own image, because its military action in the Gulf of Sidra not only had a tinge of the old-style gunship policy, but also had the color of a modern superpower. Many countries in the world have condemned the United States, and this also reflects the nature of the U.S. action. Some people did not openly condemn the United States because they do not like Qadhafi or because of other reasons, but this does not mean that they agree with the action of the United States. Now there are many regimes in the world that are not in the favor of the United States. Will Washington take military action against them because it hates them? There are many territorial disputes on land or on sea -- should all these disputes be solved through the use of armed force? Although the United States won some petty gains in the military field, it was a loser in the moral aspect.

Moscow seems annoyed at being hurt in the dark this time. Gorbachev himself came out to make a condemnation statement. He demanded that the 6th Fleet of the U.S. Navy withdraw from the Mediterranean Sea, and the condition is that "if you go, I will also go." It is a matter of course that neither side will withdraw from there and they will continue their contention in the Mediterranean Sea.



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The Libyans are also celebrating their victory, because the 6th Fleet of the U.S. Navy has finally withdrawn from the Gulf of Sidra. However, there are some indescribable feelings in the minds of these victory hailers. What role can a small country play in the wrestling ring of the two superpowers which are contending for the hegemony over the Mediterranean Sea? Can it protect itself from becoming a victim of the superpower rivalry?

POSSIBILITY OF REAGAN-GORBACHEV SUMMIT 'LESSENERD'

OW162122 Beijing XINHUA in English 2104 GMT 16 Apr 86

["Possibility of U.S.-Soviet Summit Lessened, Shultz says" -- XINHUA headline]

[Text] Washington, April 16 (XINHUA) -- U.S. Secretary of State George Shultz today said the Soviet cancellation of a meeting between him and the Soviet foreign minister certainly lessens the possibility of a U.S.-Soviet summit meeting in Washington this year.

The Soviet Union called off the planned meeting between Shultz and Soviet Foreign Minister Eduard Shevardnadze scheduled in mid-May because of the U.S. strikes against Libya. A Soviet statement denounced the U.S. attack as "criminal" and warned that continued American military action against Tripoli would force Moscow to draw "more far-reaching conclusions."

In an interview with CBS Morning News today, Shultz said the United States "must do the things that we believe are right to do from the standpoint of the United States." He said it is unfortunate that the Soviet Union has not supported the United States in "this effort to fight terrorism."

"We regret the cancellation or postponement, or whatever it turns to be" of the Shultz-Shevardnadze meeting, he noted. Shultz said, "From our standpoint, we see the problems and the necessity for discussion and work with the Soviet Union are there. That hasn't changed any. And so we continue to work on them, and we're prepared to work on them."

COMMENTARY ON EFFECTS OF OIL PRICE DROP ON CHINA

HK120820 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1245 GMT 11 Apr 86

[Commentary by Hao Si: "The Problems China Faces as a Result of the Drastic Fall of Oil Prices on the International Market"]

[Text] Hong Kong, 11 April (ZHONGGUO TONGXUN SHE) -- The volumes of China's exports of crude and finished oil decreased in February -- crude by 1.3 percent and finished oil by 22.4 percent. China recently announced that it will give further preferential treatment to foreign companies exploring oil in China's coastal waters, so as to re-view their enthusiasm for such exploration. These two points show that as a result of the drastic fall of oil prices on the international market, China, which finally ranked among the major oil producing countries in the past few years and profitted greatly from oil export only recently, is worried by the decrease in its oil earnings which may adversely affect its foreign exchange income as a whole. The fall in oil prices has brought hidden danger to the exploration of China's offshore oil.

After more than 30 years of efforts to prospect and explore its oil resources, China has built 17 oil and natural gas bases. China's annual output of crude oil has exceeded 100 million tons since 1978 and is 114 million tons at present.

China has jumped from the 29th position during the 1950's to the 6th position at present in the world's oil production. It began to export oil in 1973. Its oil exports last year exceeded 30 million tons, earning an income of approximately \$5 billion in foreign exchange, which was one-fifth of the country's total foreign exchange income.

According to an estimate by the Chinese Ministry of Foreign Economic Relations and Trade, fall in the international oil price from \$23 to \$15 a barrel would decrease China's foreign exchange income by \$2 billion and, if petroleum products are also counted, by \$2.3 billion. Now that the oil price has dropped to below \$10 a barrel, it is estimated that China's foreign exchange income will decrease by more than \$3 billion. To China, this is by no means a small sum. The value of China's annual foreign trade is only \$50 billion or so. According to the statistics of the Ministry of Foreign Economic Relations and Trade, last year's trade deficits amount to \$7.6 billion. China has foreign exchange reserves of some \$11 billion. Therefore, the decrease in China's income from oil exports will undoubtedly have an ill effect on China. Although the drastic fall of oil prices on the international market will cause the prices of other commodities on the international market to drop and China's imports may profit from it, this cannot offset the decrease in its income from oil exports. Chinese Vice Premier Li Peng said that China gains and at the same time suffers losses as a result of the fall of oil prices on the international market. Actually, the losses exceed the gains.

The fall of oil prices also affects the invitation of tenders for the exploration of China's offshore oil. China has an increasingly greater domestic demand for oil. However, now it needs funds and technology and exploring its offshore oil and has to seek foreign aid in terms of funds and technology. The drastic fall of oil prices and the gloomy prospects for oil prices have already dampened the enthusiasm of the foreign oil companies in spending huge sums of money on the prospecting and exploration of China's offshore oil. This will in turn impede the speed of development of China's oil industry as a whole. China has recently announced more preferential treatments will suffice to revive the enthusiasm of the foreign companies.

The decrease in foreign exchange income and the dampening of the enthusiasm of foreign companies in participating in the exploration of offshore oil are two problems facing China as a result of the drastic fall of oil prices on the international market. To make up for the decrease in foreign exchange income, the Chinese authorities have pledged efforts to diversify China's exports and increased the export of superfine products. However, China still needs to exert tremendous efforts to attain this goal. As far as the exploration of offshore oil is concerned, China may as well readjust the scale and speed of oil exploration according to its manpower and financial and material resources and the changes in the international market demands.

#### UN FOOD PROGRAM HEAD ON CHINESE COOPERATION

OW161921 Beijing XINHUA in English 1555 GMT 16 Apr 86

[Text] Beijing, April 16 (XINHUA) -- The United Nations Development Program (UNDP) and China have successfully carried out their first country program in the past four years, and the second one will start soon. UNDP Administrator Bradford Morse, who is making an official visit to China, announced this at a press conference here today.

Chinese Premier Zhao Ziyang met Morse Tuesday, and expressed his satisfaction for the expansion of cooperation between the UNDP and China. He thanked Morse for his efforts to promote such cooperation.

The priorities of the first country programme, covering the 1982-85 period, included increases in food production and agricultural productivity, increased production of consumer goods and services, energy development and conservation, human resources development, and strengthening of infrastructure -- involving a total of 150 projects.

Morse said the most important feature of the program was its full reflection of the principle of relying mainly on China's own efforts and seeking foreign assistance only as a complementary resource, and major inputs for the projects, such as the cost of civil construction and equipment, and human resources, were provided by the Chinese Government.

The UNDP's contribution was geared to bridging critical technological gaps in a number of fields, ranging from food processing, manufacturing processes, computer applications, oil exploration, mining, and efficient utilization of energy to development of forestry and grassland, he added.

In financial terms, UNDP resources available to China amounted to 78.8 million U.S. dollars in the 1982-85 period. It has helped China set up or upgrade several technical training centers in such fields as information electronics, energy, transport, chemical engineering, machinery manufacture, building materials, textiles, materials testing and agriculture.

Morse said a noteworthy aspect of the first country program was the project on the "transfer of knowledge through expatriate nationals". Under this facility, over 250 Overseas Chinese came to China between 1982 to 1985 for periods ranging from two to eight weeks, and proved to be an invaluable source of expertise in a wide variety of subjects, he added.

A variant to this approach has been introduced recently -- the "senior technical advisor recruitment" project -- under which foreign experts, usually retired, come to China for little or no remuneration. Many of them have been prominent specialists and have made very significant contributions in their fields.

The UNDP administrator stated that the promotion of economic and technical cooperation among the developing countries has been another important feature of the China country program. With a view to facilitate training in China of technicians from other developing countries, seven regional centers specializing in biogas, sericulture, fish farming, mini-hydropower, acupuncture, integrated rural development and primary health care, were set up. These centers had trained 1,310 technicians from other developing countries by 1985. In addition, China hosted a large number of other training courses and workshops for foreign participants.

Morse said the second country program, covering the 1986-90 period, is designed to support China's development strategies for its Seventh Five-Year Plan. It will focus on five main areas -- human resources development, technical transformation of existing industries, development of advanced technology, improvement of living standards, and application of information technology. The administrator said that the second country program will be submitted to the UNDP Governing Council for approval in June.

In the 1986-90 period, the UNDP Governing Council has approved an indicative figure of 138.3 million U.S. dollars, which, combined with the Chinese Government's "cost-sharing" contribution, might well make it the largest UNDP technical cooperation program in the world, he added.



PREVIEW OF NONALIGNED FOREIGN MINISTERS MEETING

OW161245 Beijing XINHUA in English 1047 GMT 16 Apr 86

[Text] New Delhi, April 16 (XINHUA) -- Peace, disarmament and development will be the major topics to be discussed at the four-day ministerial meeting of the Coordinate Bureau of the non-aligned countries starting here today. The meeting of the 74-member Coordinate Bureau of the Non-Aligned Movement (NAM) is being held against a backdrop of a deteriorating international situation.

The unabated nuclear arms race between superpowers, the developing crisis around Libya, the Gulf war, the Palestinian problem, southern Africa, the Central-American situation, the foreign occupation of Kampuchea and Afghanistan, and the adverse economic scenario over the world have caused deep concern among the non-aligned countries.

A renewed effort will be made by the participants in the conference to urge major nuclear powers to stop nuclear arms race, and call for the signing of a comprehensive nuclear test ban treaty.

Participants are likely to persuade Iran and Iraq to stop fighting and sit down for a peaceful settlement. They will ask the United States to halt its campaign against Libya and Nicaragua, condemn South African regime's policy of racial discrimination and genocide of the black people, and voice their support for the establishment of "Indian Ocean as a zone of peace" called for by, among others, India.

The Soviet invasion of Afghanistan and Vietnamese occupation of Kampuchea will also figure at the conference. But nothing much new is expected to come out except that the foreign ministers will reiterate the NAM's position of non-intervention and non-interference and withdrawal of foreign troops from the occupied countries.

The meeting is also expected to pay considerable attention to the global economic situation, the worsening Third World debt crisis, stiff trade protectionist policies and high interest rates adopted by developed countries. The slow-going South-South cooperation will also be dealt with in depth.

Besides, the meeting will consider the possibility of establishing a standing ministerial committee of non-aligned and other developing countries to assist in evolving strategies for future negotiations with industrialized countries on international economic issues.

Finally, the conference will consider and adopt draft political and economic declarations prepared by the host country India.

UNFPA OFFICIAL ON IMPACT OF U.S. FUNDING CUTOFF

HK160809 Hong Kong AFP in English 0759 GMT 16 Apr 86

[Text] Beijing, April 16 (AFP) -- U.S. objections to alleged forced abortions in China threaten to cause a cutoff of all U.S. funding for the 1986 U.N. family planning program, the U.N. representative to China said here Wednesday.



The cutoff, a decision on which was expected anytime, would have little effect on China's programs but would be a "major blow" to efforts by the United Nations Fund for Population Activities (UNFPA) to slow population growth in other Third World countries, U.S. resident representative Manfred Kulesa said. Mr Kulesa, who oversees all U.N. activities in China, said the fund assisted in education programs and contraceptive production in China and thus contributed to reducing the number of abortions.

"Our program is perfectly clean," he said. "The UNFPA does not support any program of involuntary abortion or forced sterilization anywhere in the world," he told a press conference here. Mr Kulesa said the UNFPA's 1986 budget of 140 million dollars included 35 million dollars from the United States. The allocation was now in danger of being cancelled because of "a gross misunderstanding" by some sectors of the U.S. Government about the nature of UNFPA's work, he said.

Mr Kulesa said that UNFPA funding in China amounted to about one U.S. cent per person or one percent of China's total spending on population control. "In China our involvement is marginal, but in other countries (the U.S. cuts) would be a serious blow," he said.

Under a U.S. law prohibiting U.S. funding for forced abortions or sterilizations, the U.S. Agency for International Development (AID) [as received] last year withheld 10 million dollars in UNFPA funding that it believed would have otherwise gone to China.

China and the UNFPA denied AID's finding that it has participated in management of "a program of coercive abortions and sterilizations" and UNFPA reorganized its budget to distribute the impact of the cut among nations receiving assistance. In response to the shifting of funds, AID was now considering a total cutoff in its support to the UNFPA for 1986, observers said. Mr Kulesa said a decision on the cutoff had been expected before April but apparently was delayed due to the agency's preoccupation with recent events in the Philippines.

Meanwhile, Bradford Morse, chief administrator of the United Nations Development Program (UNDP) said that Chinese Foreign Trade Minister Zheng Tuobin would present proposals for China's 1986-1990 UNDP program to the agency's directors in Geneva this June.

Chinese priorities for the 129-million-dollar five-year program included human resources development, technical transformation of existing industries, development of advanced technology, improvement of living standards and applications of information technology -- but not family planning, which is administered separately by the UNFPA, Mr Morse said.

In a related development, Chinese and Japanese experts concluded in a U.S.-funded population study made public Tuesday that China would need to readjust its current policy and aim for a higher birthrate after the year 2000 to maintain economic growth and offset the effects of an aging population.

To maintain economic momentum into the next century China's fertility rate should return to 2.1 births per woman after dropping to 1.8 in the year 2000, the English-Language CHINA DAILY quoted the report as saying.

Rapid aging of the population due to low birthrates was already apparent in Shanghai, where people aged 60 or more make up nearly 14 percent of the population and retired workers are becoming a heavy burden on their former employers, the report said.

China's strict enforcement of "one child" policies has been slightly eased in recent years, with a second child allowed upon application, particularly in the countryside, analysts said.

BURMESE PRIME MINISTER CONTINUES VISIT

## Tianjin Banquet Held

BK160601 Beijing International Service in Burmese 1130 GMT 15 Apr 86

[Text] The people's government of Tianjin held a banquet last night to warmly welcome U Maung Maung Kha, prime minister of Burma, and his delegation. The banquet was hosted by Li Ruihuan, mayor of Tianjin.

Before the banquet started, artists from the eastern song and dance ensemble which was specially brought in from Beijing greeted the Burmese guests on their traditional Thingyan Water Festival by sprinkling jasmine-scented water. They also sang Burmese songs and performed Burmese dances.

Amidst an atmosphere of friendship permeating the banquet Mayor Li Ruihuan and Prime Minister U Maung Maung Kha delivered their speeches.

The mayor said friendly contacts between Tianjin and Burma are growing continuously. He said Tianjin was involved in the Thamaing Textile Mill construction project in Burma while a government industrial delegation and a cultural troupe from Burma visited Tianjin. He also noted the continuously growing trade and economic links with Burma.

In his speech, U Maung Maung Kha said Tianjin, a coastal city, is an industrial and economic center. Since it is one of the 14 major coastal cities which play a vital role in China's modernization program, there are many things to observe and study. The prime minister also said he was grateful and happy that arrangements have been made to enable the Burmese delegation to study the (Takan) oilfield which the delegation is interested in.

## Feted in Guangdong

OW162025 Beijing XINHUA in English 1842 GMT 16 Apr 86

[Text] Guangzhou, April 16 (XINHUA) -- Burmese Prime Minister U Maung Maung Kha and his party arrived here from Tianjin by special plane at noon today in the company of Petroleum Industry Minister Wang Tao.

This evening, the Guangdong Provincial People's Government gave a dinner in their honor, which was presided over by Governor Ye Xuanping. The prime minister and his party this afternoon visited Fushan City and Nanhai County where they inspected a pottery and a rattan plant.

ZHAO ZIYANG MEETS MALAYSIAN FINANCE MINISTER

OW161714 Beijing XINHUA in English 1501 GMT 16 Apr 86

[Text] Beijing, April 16 (XINHUA) -- Chinese Premier Zhao Ziyang said here today that China takes a positive attitude toward developing its economic relations and trade with Malaysia.

Speaking to Malaysian Minister of Finance Daim Zainuddin here this afternoon, Zhao said that China is also willing to explore possibilities of cooperation with Malaysia in other areas. He said both China and Malaysia have great vitality in their economies.

With the deepening of mutual understanding, the areas of cooperation between the two countries will become wider, he stressed.

Zhao noted the successful visit by Malaysian Prime Minister Mahathir Bin Mohamed last November, adding that both countries hoped for further development of bilateral friendly cooperation -- in economic relations and trade in particular. Daim Zainuddin said he hoped that the two countries would undertake direct trade and cooperation in finance and insurance.

#### BUDDHIST LEADER MEETS WITH THAI DELEGATION

OW151415 Beijing XINHUA in English 1215 GMT 15 Apr 86

[Text] Beijing, April 15 (XINHUA) -- Zhao Puchu, president of the Chinese Buddhist Association, met a Thai religious and cultural delegation led by Khunthong Poopiewduan, deputy minister of education, here today at the 800-year-old Guangji temple.

Zhao, also vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, thanked the Thai Buddhists for the three Buddhist statues they had presented to the Chinese Buddhists last September. Now the statues have been enshrined in temples in Guangzhou, Shantou and Chengdu, he said.

He believed that the kindness the Thai Buddhists showed for the Chinese Buddhists would surely enhance the Buddhist exchanges between the two countries. Zhao also expressed respect for the relief work the Thai government, the people and the Buddhists have done for the Kampuchean refugees. "It has demonstrated the spirit of mercy of Buddhism," he added.

Chinese Buddhists also took part in the worldwide efforts to help the victims in drought-stricken African areas and Kampuchean refugees, he said. He hoped the Buddhists of the two countries to work together for world peace.

#### PHILIPPINE SPOKESMAN ON SUPPORT FOR AQUINO

OW152348 Beijing XINHUA in English 1849 GMT 15 Apr 86

[Text] Manila, April 15 (XINHUA) -- Presidential spokesman Rene Saguisag expressed today the belief that the Aquino Government will not be toppled as the vast majority of people is supporting it. He made the remark at a news briefing in the presidential palace as a reaction to the call made yesterday by former member of parliament Arturo Tolentino for civil disobedience against the government.

Saguisag said "What Mr. Tolentino hopes to see is for the Aquino-Laurel government to topple." "However," he continued, "it won't, only because the vast majority of our people are willing to give the new government a chance," and "wish it well."

Saguisag said one of the distinctions between the old regime and the new government is that the latter has not pillaged and plundered the economy. He concluded that the misguided elements in the new opposition may continue to do their worst while the administration and its millions of supporters will continue to do their best, for the benefit of everyone.



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Addressing a gathering of over 90 members of the abolished Philippine National Assembly here yesterday Arturo Tolentino, Marcos' vice-presidential running mate, described the Aquino Government and the abolition of the Assembly as "unconstitutional". He also called for a nationwide civil disobedience campaign against the new government.

MARCOS SAID PLANNING TO RETURN TO PHILIPPINES

OW161658 Beijing XINHUA in English 1619 GMT 16 Apr 86

[Text] Manila, April 16 (XINHUA) -- Former President Ferdinand Marcos is planning to return to the Philippines and has been holding periodic consultation meetings with his lawyers, former member of parliament Rafael Recto said today.

In a long distance telephone interview with a Philippine newsman here from Marcos' residence in Honolulu, Hawaii, Recto said that Marcos has been busy studying the legal repercussions and implications of his planned return to the country. "The (former) president will return, and the Philippines is his country," Recto said in confirming his plan. Marcos fled the Philippines to Hawaii on February 26.

"He considers himself the legal president," Recto said as he confirmed frequent brainstorming meetings with his lawyers. "It's like Malacanang (the presidential palace) here," he added. Recto, whom Marcos has tasked to handle all his legal cases in Honolulu, is now there to confer with the deposed leader on what legal actions the former would take in defending him before the local courts.

There were persistent reports that the Commission on Good Government will file legal suits against the ousted leader within the next few days. Starting last night, some 1,000 Marcos loyalists demonstrated in front of the U.S. Embassy here in protest against what they claimed the U.S. Embassy's role in driving Marcos out of the country last February. They demanded that the U.S. Government allow Marcos to return home.

Speaking on peace and order at a news briefing here this afternoon, Presidential Spokesman Rene Saguisag said, "everything is under control." The Aquino government has maintained that Marcos and his family could only return to the country if the situation has been normalized.

DK AMBASSADOR TO CHINA ON VICTORIES OVER VIETNAM

BK151128 Beijing in Cambodian to Cambodia 1030 GMT 14 Apr 86

[Statement to station correspondent by Chan Youran, Democratic Kampuchea ambassador to the PRC, on the occasion of Cambodia's National Day of 17 April and traditional new year -- recorded]

[Text] I deeply thank all of you, friends, for coming to our Democratic Kampuchea [DK] Embassy in Beijing to interview me on the occasion of the national day and the national festival of Democratic Kampuchea. I would like to inform you of the following developments:



Under the leadership of the CGDK [Coalition Government of Democratic Kampuchea] with Samdech Norodom Sihanouk as president of Democratic Kampuchea, the struggle of the Cambodian people for national liberation and preservation against the expansionist and annexationist Vietnamese enemy aggressors has now entered its 8th year. During this time, our people, our CGDK, and our national army have won one major victory after another in all fields -- military, political, and diplomatic while the Vietnamese enemy aggressors with their 200,000 troops in Cambodia are experiencing a complete and total impasse. The whole world is well aware of this situation in the current eighth dry season, which will end next month. The world sees that the Vietnamese are in a situation where they have lost mastery and where they are being dealt heavy blows on the Cambodian battlefield. Their dry-season scheme has shamefully failed in spite of their all-out efforts to mislead opinion to the contrary. The truth is that during this eighth dry season the Vietnamese have succeeded in none of their designs. They have failed, on the one hand, to seal off the border or to block our transport routes. They have failed, on the other hand, to crush our forces inside the country. By contrast, our tripartite national army is attacking them and pinning them down throughout the country, particularly in the region around Tonle Sap Lake and the areas around Phnom Penh and around Battambang, which constitute the first group of strategic battlefields in the current struggle of our people and national army.

During this eighth dry season, since the beginning of November 1985, the Vietnamese have massively mobilized their forces to attack us in Pailin, but so far they have completely been defeated there. As for our national army, it has dispersed and annihilated the Vietnamese village and commune administrations throughout the country, scoring a strategic victory in this field. In particular, on the battlefield around Tonle Sap Lake, our national army has skillfully and actively implemented the five new combat tactics. We freed tens of thousands of fraternal people and fraternal Cambodian soldiers forcibly drafted to serve the Vietnamese war of aggression. We smashed the Vietnamese enemy's economic bases. We destroyed the networks for the indoctrination of the Indochinese federation notion in which Ho Chi Minh -- the father of the Indochinese federation -- appointed Vietnam as the big brother, master, and owner of Cambodia and Laos through the so-called Vietnam-Cambodia special friendship and solidarity on the one hand and the Vietnam-Cambodia-Laos special friendship and solidarity on the other.

During this eighth dry season, our tripartite national army has maintained good cooperation with the people and the fraternal Cambodian soldiers against the Vietnamese aggressors, crushing many of their troops and destroying huge quantities of their arms and war materiel. For example, in Takeo town, our national army, with the participation of the fraternal Cambodian soldiers, twice crushed and liberated this town. In Kompong Speu town, our national army and the fraternal Cambodian soldiers assaulted the Vietnamese enemy on 8 February and again on 3 March 1986, causing the Vietnam heavy losses in life and war materiel. On 16 November 1985 and again on 8 March 1986 our national army, with the participation of the people and fraternal Cambodian soldiers and destroying a large quantity of arms, ammunition, and war materiel. On 28 March our national army, with the participation of the fraternal Cambodian soldiers and people, attacked and smashed the Vietnamese position in Battambang town, causing the Vietnamese extensive losses in life, arms, and war materiel. The Battambang airfield and its radar system were completely destroyed.

It should be recalled that on 12 February, our national army, people, and fraternal Cambodian soldiers raided Pochentong Airport, destroying two enemy planes and some war materiel.

During this eighth dry season, our national army has opened a new battlefield by attacking the Vietnamese east of Phnom Penh. On 19 January 1986 our national army, together with the local people, attacked Sithor Kandal District seat in Prey Veng Province, scoring a great success. We captured 22 Vietnamese, including 2 regiment commanders, 2 company commanders, and 1 provincial governor. It should be noted that during this eighth dry season, there was another major event of interest to the world: the mutinies of the fraternal Cambodian soldiers against the Vietnamese by refusing to be the lackeys of the Vietnamese serving their war of aggression in Cambodia to massacre our own nation. This mutiny movement of our fraternal Cambodian soldiers clearly shows that the Vietnamese scheme to use Cambodians to kill fellow Cambodians is a complete failure because of the patriotic spirit of the fraternal Cambodian soldiers. This new situation also clearly proves that the Vietnamese enemy aggressors are heading toward total defeat in Cambodia, for our people, our tripartite national army, and the fraternal Cambodian soldiers have maintained good cooperation and solidarity in attacking them during the current eighth dry season, which is a key for the present war.

The Vietnamese are facing greater difficulties both at present and in the future. They cannot redress this collapsing situation. Moreover, it should be noted that the morale of the Vietnamese soldiers in Cambodia has sunk very low. More of them have rebelled against the Hanoi authorities or have deserted their ranks and returned home because they have become desperate in Cambodia.

The situation of the battlefield as described above has greatly encouraged our people, our tripartite national army, and our fraternal patriotic Cambodian soldiers, prompting them to brandish higher the banner of patriotism, national solidarity, national liberation, and racial preservation under the leadership of the CGDK. Moreover, friendly countries near and far in the world are happy with this situation and increasingly confident in the just struggle of our people. Countries near and far admire and respect the heroism of our people and tripartite national army as well as the patriotic spirit of the fraternal Cambodian soldiers who have cooperated and are cooperating with our national army and people in attacking the Vietnamese enemy aggressors and driving them into a total and complete impasse.

It was in such an excellent situation that our CGDK issued the 8-point proposal on 17 March, 1986, for a political settlement of our Cambodian problem. Samdech Norodom Sihanouk, president of Democratic Kampuchea, personally read this 8-point proposal to the news agency and television correspondents in Beijing. I would like to inform you that right after the publication of this proposal, peace- and justice-loving countries in the world delightedly praised and congratulated us, affirming that this proposal is of an historical, strategic, comprehensive, far-reaching, reasonable, and all-encompassing significance. They hold that this proposal, on the one hand, sprang out of the good will of the Cambodian people and the tripartite CGDK and, on the other hand, is based on the resolutions of the United Nations and the declaration of the 1981 International Conference on Kampuchea. They understand that this proposal is aimed at bringing about peace in Cambodia and ensuring peace and security in Southeast Asia and the Asia-Pacific region. They hope that Vietnam will accept this 8-point proposal to settle the Cambodian problem politically, for this proposal has so much at heart the interest and face of the Vietnamese and their company. They understand that our CGDK has made all the necessary concessions, and they believe that the whole international community will certainly support this 8-point proposal.

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At the same time, friendly countries in the world that support the struggle of our people are most happy that the PRC solemnly and firmly supports this 8-point proposal; that the six ASEAN countries unanimously side with this proposal to settle the Cambodian problem politically; and that Japan, Yugoslavia, the United States, and many other countries declare their support for this 8-point proposal. The secretary general of the United Nations has also delightedly welcomed this 8-point proposal of our CGDK. Only Soviet-supported Vietnam immediately rejected the reasonable proposal of our CGDK. In so doing, Vietnam has further revealed more clearly to the world its aggressive colors and its maneuvers in Cambodia as the master of the Heng Samrin grouping, making decisions for the latter. The world clearly sees that Vietnam has neither the sincerity nor the good will to settle the Cambodian question politically. The Vietnamese objective is to occupy Cambodia forever and place it in their Indochinese federation. It is obvious to all that the Vietnamese will never agree to withdraw their troops from Cambodia, no matter how hard the CGDK tries to let them save face. They will never agree to a national reconciliation in Cambodia and will never allow Heng Samrin and his group to join the people and our tripartite CGDK. The Vietnamese are opposed to free elections under the supervision of a UN observer group in Cambodia. In one word, the Vietnamese authorities do not want to see Cambodia remain an independent, peaceful, neutral, and nonaligned state. For this reason, many countries in the world have condemned Vietnam for rejecting the 8-point proposal of our CGDK. They think that the Cambodian people and the CGDK have no option for settling the Cambodian problem except continuing to bring pressure to bear on Vietnam on the Cambodian battlefield and on the international stage to force it to settle the Cambodian problem politically. They have pledged to support our struggle vigorously and to support our 8-point proposal at the UN General Assembly this year.

I am confident that the Vietnamese will be more utterly isolated on the international scene. No matter how obdurate, savage, and deceitful they are, these Vietnamese will be forced to settle the Cambodian problem politically because they are suffering a more and more serious defeat on the battlefield, are utterly isolated in the international arena, and are critically strapped in the worst possible plight at home. The Vietnamese will surely be forced to pull their troops out of Cambodia, thus allowing our people to decide their own destiny.

On this occasion of the new year, I would like to express my greatest admiration at the heroic Cambodia people of the three parties and the patriotic fraternal Cambodian soldiers. May all of you enjoy the best of health, great strength, and all kinds of successes over the Vietnamese enemy to liberate our nation and perpetuate the existence of our race.

Thank you.



PRESIDENTIAL ORDER ON COMPULSORY EDUCATION LAW

OW170050 Beijing XINHUA Domestic Service in Chinese 0001 GMT 17 Apr 86

[Text] Beijing, 17 Apr (XINHUA) -- Order of the President of the People's Republic of China No 38

The "Law of the People's Republic of China on Compulsory Education" has been adopted by the Fourth Session of the Sixth National People's Congress of the People's Republic of China on 12 April 1986. It is hereby proclaimed that it will go into effect on 1 July 1986.

Li Xiannian, President of the People's Republic of China, 12 April 1986

PRESIDENTIAL ORDER ON FOREIGN ENTERPRISES LAW

OW170052 Beijing XINHUA Domestic Service in Chinese 0003 GMT 17 Apr 86

[Text] Beijing, 17 Apr (XINHUA) -- Order of the President of the People's Republic of China No 39

The "Law of the People's Republic of the China on Enterprises Operated Exclusively with Foreign Capital" has been adopted by the Fourth Session of the Sixth National People's Congress of the People's Republic of China on 12 April 1986. It is hereby proclaimed that it will go into effect on the day of its promulgation.

Li Xiannian, President of the People's Republic of China, 12 April 1986

CENTRAL ORGANS DISCUSS NPC, CPPCC PROPOSALS

OW151313 Beijing XINHUA Domestic Service in Chinese 0829 GMT 14 Apr 86

[By reporter Li Shangzhi]

[Excerpts] Beijing, 14 Apr (XINHUA) -- The General Offices of the NPC Standing Committee, the State Council, and the CPPCC National Committee called a meeting this morning of responsible persons of relevant State Council departments and the General Offices of the Central Military Commission, the Supreme People's Court, and the Supreme People's Procuratorate to arrange the handling of proposals, criticisms, and suggestions raised by deputies who attended the Fourth Session of the Sixth NPC and of proposals put forward by members who attended the Fourth Session of the Sixth CPPCC National Committee.

During the Fourth Session of the Sixth NPC, deputies put forward 3,193 written proposals, criticisms, and suggestions on the work of the state in various fields. Of these proposals, criticisms, and suggestions, 185 dealt with judicial and public security work; 669 with industry and communications; 393 with finance, banking, and trade; 671 with education, science, culture, and public health; 339 with agriculture, forestry, and water conservation; and 936 with matters of a comprehensive nature (including labor and personnel). In addition, the Presidium of the Fourth Session of the Sixth NPC decided to refer 215 motions made by deputies to relevant State Council departments for handling as suggestions. During their fourth session, members of the Sixth CPPCC National Committee put forward a total of 1,600 proposals. Of these proposals, 470 dealt with economic construction; 653 with education, science, culture, and public health; and 477 with united front work and judicial and public security work.

Wang Shuming, deputy secretary general of the State Council, said at the meeting: Deputies made most of their proposals after serious preparatory work and on the basis of investigation and study. Effectively handling such proposals by deputies from various quarters and fronts is of great significance in supervising and promoting various fields of work, overcoming bureaucratism, and improving our work style. He called on leading cadres of various departments under the State Council to concern themselves with such proposals, to put them on their agenda, and to conscientiously study and handle them. A responsible reply should be given as to how each proposal is handled. It is necessary to strengthen the ties between the government and the masses, to improve our work, and to promote the four modernizations by handling such proposals.

Peng Qingyuan, member and deputy secretary general of the NPC Standing Committee, presided over the meeting.

#### BANK SAYS 'NO CHANGE' IN FOREIGN CURRENCY RULES

OW160114 Beijing XINHUA Domestic Service in Chinese 1220 GMT 14 Apr 86

[Text] Beijing, 14 Apr (XINHUA) -- A spokesman of the Bank of China told a XINHUA reporter today that there had been no change in the rules governing foreign currencies deposited by residents living in China, that the freedom of deposit and withdrawal is still in effect, that foreign currency cash will be paid for foreign currency cash deposits, and that foreign currency deposits will receive interest in foreign currency of the same kind.

#### 'FUNDAMENTAL INDICATORS' OF PROGRESS EXAMINED

HK160331 Beijing BAN YUE TAN in Chinese No 6, 25 Mar 86 pp 6-8

[By Wue Zhongxin: "Look at the Situation From Its Fundamental Indicators"]

[Text] In analyzing the situation, we must see the main trend. This is the only way that we can make a correct evaluation. If we look at the situation only from one angle and one side, we certainly cannot see it clearly. What are the fundamental indicators of the current situation in our country?

At the National Conference of Party Delegates held last year, Comrade Deng Xiaoping made the following important remarks: "Since the 3d Plenary Session of the 11th CPC Central Committee, the party has shifted the focus of all its work to the drive for socialist modernization and, while adhering to the four cardinal principles, has concentrated on developing the productive forces." In his remarks, there is a concise summation of the situation: One is the "adherence to the four cardinal principles;" the other is "concentrating efforts on developing the productive forces." This is an adequate reflection of the fundamental indicators of our political and economic situation, which is improving.

We must first realize that the greatest success we have achieved since the 3d Plenary Session of the 11th CPC Central Committee is the vigorous development of our productive forces. If we cannot see this point, we cannot help attending to the superficials and neglecting the essentials.

During the Sixth 5-Year Plan period the tremendous achievements of our country's development in the forces of production have been universally acknowledged. Many people abroad have spoken highly of our excellent economic situation.

The favorable economic situation is manifested in the following two aspects: first, with only 7 percent of the world's cultivated land, China has managed to provide enough food and clothing for its 22 percent share of the world's population; second, the entire national economy continues to grow steadily at a fairly high speed. The annual growth rate of the country's industrial and agricultural output value between 1953 and 1980 was 8.2 percent, but during the Sixth 5-Year Plan period it grew on an average of over 10 percent a year. The growth rate of agricultural production is more amazing. During the Sixth 5-Year Plan period the gross agricultural output value increased on an average of 10.8 percent a year, while the annual rate for the 1953-80 period increased only 3.5 percent (the average annual growth rate of the world's agriculture during the period was 1.25 percent); and the average annual growth of grain was 17 billion kilograms. In 1980 the country had to import large quantities of grain and cotton, but we have now achieved self-sufficiency in grain and have a surplus of cotton. The overall development of productive forces during the Sixth 5-Year Plan period fully demonstrates that our nation's economy is in good shape, and the present period is one of the best since the founding of the People's Republic.

We must also note that we develop our productive forces by adhering to the four cardinal principles. The socialist nature of our nation's system decides that the four modernizations we are building must be of socialist nature too. For this reason, in developing the productive forces, we have never deviated from the four cardinal principles and should on no account do so. Our productive forces have vigorously developed just because we adhere to the four cardinal principles and display the superiority of socialism with Chinese characteristics.

People know from their own experience that the economic development of our country depends chiefly on correct policies in carrying out reform, opening up to the outside world, and invigorating the domestic economy, which arouse the enthusiasm of hundreds and millions of people in production, depending on scientific and technological progress. Our formulation and implementation of these policies have all been based on the four cardinal principles and on carrying out reform, opening up to the outside world, and invigorating the domestic economy. We have managed to properly handle the relationship in the following aspects: the relationship between reform of the rigid economic structure and adherence to the socialist orientation; the relationship between persistence in making public ownership occupy the dominant position in the nation's economic system, and using foreign investment funds in a planned way and developing the private economy to a certain degree; the relationship between encouraging some areas and people to attain prosperity before others and achieving common prosperity; the relationship between the planned economy and market regulation; the relationship between doing a good job of macroeconomic control and stimulating the microeconomy; the relationship between the state, the collective, and the individual in distribution of the interests; and the relationship between vigorously developing the commodity economy and preventing the principles for exchange of commodities from entering the party political life.

Just in this way, we could enormously develop the forces of production to vitalize the economy during the first 5 years of the 1980's and embark on the course of building socialism with Chinese characteristics. Those who worry that our country would go backward toward capitalism ignore the vital fact that we develop the economy by adhering to the four cardinal principles.

The good situation is closely linked with the political stability and unity in our country. Adherence to the four cardinal principles has perpetrated political stability in China. This is a good gauge of our good political situation.



Just as Comrade Deng Xiaoping pointed out: "The good situation we have today would not have come about had we not thoroughly corrected the 'leftist' mistakes and shifted the focus of our work. At the same time, if we had not conscientiously adhered to the four cardinal principles, we would not have been able to maintain political stability and unity, and we would even have gone from correcting 'leftist' mistakes to 'correcting' socialism and Marxism-Leninism. And then the good situation we have today would not have come about either." Just think, if our current situation were as chaotic as that during the Cultural Revolution and if we allowed the bourgeois ideological trend of liberalization to run wild, we would not have been able to maintain political stability and unity, and reform and construction as well as rejuvenation of China would become no more than empty talk. Of course, in saying that our present situation is good, we do not mean that everything is all right. However, in terms of the country as a whole, political upheavals are no longer seen in our country, which has taken the golden path of building the four modernizations heart and soul. This is what the people of the whole country are smilingly happy to see, and it provides an important guarantee in further developing the good situation in our country.

'VOLUNTARY' HORIZONTAL ECONOMIC ASSOCIATION SEEN

HK160056 Beijing RENMIN RIBAO in Chinese 7 Apr 86 p 2

[Excerpts of speech by Jiang Yiwei, adviser and research fellow of the Industrial Economics Institute under the Chinese Academy of Social Sciences: "Assigning Decision-making Power Is a Prerequisite for Development of Horizontal Association"]

[Text] At present, developing horizontal economic association is a breakthrough point for promoting reform of the economic structure. Since reform is a systematic project, it is necessary for us to analyze the influence and role of horizontal association on the reform with a systematic viewpoint. The three tasks put forward by the Seventh 5-Year Plan can also be interpreted as three layers. What are the internal relations of the three? The first layer, which emphasizes that strengthening the vitality of enterprises is the central link, can be regarded as the foundation; the second, which emphasizes developing the socialist commodity market and gradually perfecting the market system, actually refers to horizontal association; and the third, which concerns the establishment of a macromanagement system with stress on indirect control, actually refers to the question of reform of government functions. There are inevitable some internal relations between the three layers, but they do not appear simultaneously. The first layer is the prerequisite for the second, because only when the vitality of enterprises is strengthened and their decision-making power is enhanced can various key productive factors associate with one another freely, and the horizontal economic association of the enterprises be developed. The third layer must take the first two layers as its prerequisite, because only when the enterprises are able to carry out independent management and assume sole responsibility for their profits or losses, and the market mechanism and system are perfected, can overall consideration be given to the reform of government administrative organs and systems.

The economic structural reform in cities over the past few years was started from expanding the decision-making power of enterprises. For this, the state has worked out a series of regulations. However, after making a conscientious examination, we easily find that many of these regulations have not been really implemented. Particularly, large and medium-sized enterprises are still bound hand and foot. If these problems are not solved, the development of the horizontal economic association, especially the association with large and medium-sized enterprises, as the backbone and fine-quality products as the guide, is unlikely to be realized.

A prominent problem is that the enterprises still have no decision-making power for association. Over the past few years, many administrative companies or national-level corporations have been established by various regions and departments through administrative orders. The enterprises are thus put under the control of these companies, which is even more rigid than the original administrative organs. In the past, the mixture of government administration and enterprise management was expressed by "substituting government administration for enterprise management," but now, in the form of a "company," this is expressed by "substituting enterprise management for government administration." Recently, the State Council promulgated 30 regulations for promoting horizontal economic association, which clearly points out that it is necessary to "protect the decision-making power of enterprises for horizontal economic association," and allow the enterprises to join or withdraw from the association on a voluntary basis. This is really very important. Otherwise, the horizontal economic association will be turned into a more "hodgepodge" due to the existence of traditional forces of habit. The basic principle of "joining or withdrawing on a voluntary basis" is not only suitable for newly established associations, but also suitable for various companies and national-level corporations established through administrative orders in the past. In my opinion, this is a question of key importance in developing horizontal economic association.

#### ECONOMICS OFFICIAL ON HORIZONTAL COMBINATIONS

HK151430 Beijing ZHONGGUO XINWEN SHE in Chinese 0210 GMT 9 Apr 86

[Text] Beijing, 9 Apr (ZHONGGUO XINWEN SHE) In an interview with ZHONGGUO XINWEN SHE yesterday, Zhao Weichen, deputy director of the State Economic Commission, said that the pattern of horizontal combination is an inevitable outcome of China's economic development. He believes that the new combination patterns appearing in China in recent years, such as regional combinations, city groups, combined enterprises, and enterprise groups, have broken the barriers and fetters between departments and regions at different levels and the regional blockades and become the main symbols of the lively and invigorated Chinese economy. Zhao Weichen said that at present horizontal economic combinations have achieved great development and are maintaining a very good trend. During the whole "Sixth 5-Year Plan" period, a total of 70,000 economic and technological projects were drawn up between various regions, departments, cities, and enterprises, involving 34 billion yuan in materials and cooperation.

Zhao Weichen said that the development of horizontal economic combinations conforms with the development of the commodity economy. It actually came to the Chinese economic stage after the 3d Plenary Session of the 11th CPC Central Committee in 1978 in which the policy of "opening up to the outside world and invigorating the domestic economy" was adopted. At present, the pattern of horizontal economic combinations has become an important aspect of China's economic structural reform. He said that in order to better develop horizontal economic combinations, it is necessary to let enterprises independently join together on the basis of voluntary participation and mutual benefit without outside interference or obstruction. In addition, each region and department should draw up its own practical plan in light of its own conditions and implement that plan. Meanwhile, it is necessary to follow the five methods for promoting horizontal economic combinations in taxation, funds, materials, business management, and statistics. Moreover, it is necessary to encourage the combinations to go beyond the limits of enterprises, regions, cities, and townships and mainly to rely on major enterprises or famous-brand products and combinations between military and civilian enterprises and between enterprises and scientific research institutes.

FORUM ON COOPERATIVE ECONOMIC RELATIONS HELD

HK160733 Beijing RENMIN RIBAO in Chinese 7 Apr 86 p 5

[Report: "A Brief Account of the Forum on Extensive Economic Relations"]

[Text] The economic and technological cooperation bureau under the State Economic Commission and the society for the study of quantitative economics and technological economics under the Chinese Academy of Social Sciences jointly called a forum on extensive economic relations on 1 March.

The comrades attending the forum considered that with the deepening of the economic reform, the past 2 years or so have witnessed great development of extensive economic relations. According to initial statistics, of 66,600 cooperation projects in various parts of the country in the period of the Sixth 5-Year Plan, technological cooperation projects accounted for 60-70 percent. Funds involving materials-related cooperation showed a big increase, reaching 16 billion yuan. Skilled personnel were provided on an exchange basis and advisory and consulting services rendered 50,000 times. Extensive economic relations have initially shaped up into cooperation combining all four -- funds, materials, skilled personnel, and economic integration -- in one. Such cooperation has five prominent features: 1) Rapid development of regional integration -- this is fundamentally different from the previous practice of regional cooperation. It means a switchover from integration under administrative orders to voluntary integration based on economic laws. It is integration of the open-door type. 2) Rapid development of economic integration in various forms going beyond the limits of administrative divisions and ownership that cut across boundaries between areas, between departments, and between enterprises. 3) Particularly active scientific and technological cooperation; this has become the main part of economic integration. At present, the whole country has more than 10,000 scientific research-production complexes in various forms. 4) Obliteration of the division between militarymen and civilians, with integration between war industries and civilian enterprises strengthened and very good economic results achieved. 5) Effective support provided for borderland construction through establishing extensive economic relations.

The comrades present at the forum recounted conditions of specific departments' development of extensive economic relations and exchanged work experiences. It was unanimously held that the situation in developing extensive economic relations between departments and between departments and areas is favorable and that the economic results achieved are remarkable. Various features mark the practice of strengthening extensive economic relations by different departments and mainly boil down to the following:

1) Through cooperation between relevant departments and provinces (cities), organization and leadership are strengthened in bringing about extensive economic and technological cooperation. 2) Complexes with their extensive ties are established and economic integration in various forms is developed. 3) Technological cooperation is actively organized and full play is given to the superior features of various departments with their particular technologies and equipment.

The comrades participating in the forum held that certain problems also exist in the development of extensive economic relations. If not properly taken care of, they will hamper the further development of the whole effort in extensive economic relations. These problems may be summed up as a matter of how to understand and assess extensive economic relations and what kind of policy to adopt in protecting and supporting the development of extensive economic relations.



On the problem of understanding, everyone thought that most of the areas and departments of the country and enterprise leadership cadres correctly understand the positive role of extensive economic relations and actively support local areas and departments and given enterprises in their economic and technical cooperation. But a small number of units are still shortsighted. In their approach to certain areas, departments, and enterprises willing to link up with them, they cherish the aim of taking advantage of others and gaining a bit more. They exclude some ill-managed money-losing enterprises with backward equipment from integration, or just reap profits on integrated enterprises without investing anything.

A small number of leadership departments also throw actual conditions to the winds and refuse to act according to economic laws. They use administrative means to force the integration of some enterprises or the dissolution of some integrated enterprises.

Extensive economic relations must be established under the state's guidance. Certain areas blindly seek integration with partial interests in mind. The result is that certain products are oversupplied to exceed demand, or that there is a deterioration in the quality of products.

On the problem of policy, the comrades concretely raised such points as management of systems, economic interests in complexes, taxation, materials supply, economic legislation, and so forth.

#### BREAKING LOCALITIES, DEPARTMENTS BARRIERS URGED

HK151456 Beijing RENMIN RIBAO in Chinese 7 Apr 86 p 2

[Excerpts of speech by Wu Jinglian [0702 2417 8834], executive director of the economic, technological, and social development research center of the State Council, at the forum sponsored by the RENMIN RIBAO Editorial Department on development of lateral economic ties: "Break the 'Barriers' Between Different Departments and Between Different Localities"]

[Text] In order to develop lateral economic ties among enterprises, we must break through the restraints of the old vertical administrative relations and break the "barriers" between different departments and between different localities. In July 1980, the State Council promulgated the "interim regulations on promoting economic ties", and in October of the same year promulgated the "interim regulations on conducting and protecting socialist competition." These two documents emphasized the principle of "giving play to one's strong points, bringing advantages into play, avoiding one's shortcomings, promoting economic ties, and protecting competition." However, 5 years have passed, and the old structure which separates economic activities in one locality or department from another has not changed. The lateral movements of commodities and various production factors as well as lateral economic ties still face obstructions. Some localities and departments still hold such viewpoints as "one's good things should not be transferred to another's pocket" and are still trying hard to protect their vested interests. This often makes it difficult to effect even simple and low-level lateral economic ties.

For example, Shanghai stands in great need of sheepskins and the production of quality leather boots for export purposes is affected. The department concerned in Shanghai has tried to exchange some industrial goods such as sewing machines and bicycles for 400,000 sheepskins with a certain city.

However, after both sides sent out their goods, the higher authorities concerned discovered the transaction and issued an order to withhold 300,000 sheepskin which should be delivered to Shanghai under the pretext that the supplier city should first fulfill its export task. Such a practice of setting up barriers will inevitably and seriously obstruct the development of lateral economic ties and relations and the development of the socialist commodity economy.

Why is it so difficult to break through the structure which forms barriers between departments and between localities? I think that there are mainly four reasons: First, we cannot but continue to lay down some mandatory plans which must be carried out through the administrative relations in various departments and localities. As departments and localities must fulfill these mandatory plans, they are bound to tightly control the economic activities within their jurisdiction, and this will inevitably restrain enterprises from developing lateral economic ties.

Second, in recent years, although the central decisions stipulate that the microeconomic and operational decision-making power be delegated to enterprises, the administrative devolution measures sometimes have affected this economic reform measure. Some powers concerning enterprise operations and management are in fact delegated to local authorities or to some monopoly companies. As a result, barriers between departments may just be replaced with more barriers between localities or vice versa, and enterprises are still being restrained from extensively developing their lateral economic relations.

Third, since 1980, we have begun to pursue a financial system of "eating from different pots." According to this system, enterprises pay their income taxes to their higher administrative authorities and pay a large part of product taxes to their local authorities. This has thus strengthened the so-called "department ownership" and "localities have gone all out to expand the scale of capital construction by starting similar projects in various places and to recklessly increase production. They have also withheld raw materials of good quality and supplied them for their own enterprises. On the other hand, they have tried to prevent other localities from obtaining their materials.

Fourth, in the past 2 years, as some raw materials were in short supply and prices were unreasonable, some localities took measures to protect their own interests by restricting or banning movements of some production materials and consumer goods from their localities to other localities. They have even set up checkpoints along the borders to collect duties for goods delivered to other localities. This has thus kept resources from being used reasonably. According to the principle of the commodity economy, all localities should give play to their own strong points and avoid their weak points and should concentrate on developing the industries which they can develop at lower costs as compared with other localities. However, it is hard to operate according to this principle, as the present price system remains unreasonable.

In order to break barriers between localities and between departments and to promote lateral economic ties, it is necessary to advance reforms in all links of the economic structure. We should continue to shift our macroeconomic control system from a direct control pattern to an indirect control pattern, should continue to create conditions for narrowing the scope of mandatory plans, and should continue to separate enterprises from government institutions and to ensure enterprise decision-making power on business management and operation so as to enable enterprises to develop lateral economic ties in light of economic needs.

We should perfect the antimonopoly legislation and ban local blockades so as to establish an integrated socialist market, should readjust and decontrol the prices of production materials in an orderly way so as to rationalize local industrial distribution, and should set up a system to divide tax incomes between the central authorities and local authorities when conditions are ripe and redefine the budget jurisdiction of various levels so as to establish a new financial system which can coordinate partial interests with overall interests.

NEED FOR SOCIAL BOOKKEEPING SYSTEM EXPLAINED

HK150834 Beijing GUANGMING RIBAO in Chinese 29 Mar 86 p 3

[Article by Ding Zhitian: "The Social Booking System Should Be Perfected"]

[Text] In developing a planned commodity economy, it is necessary to perfect the social bookkeeping system and implement a new system of enterprise independent management with social participation in accounting. With the appropriate separation of ownership rights from operational rights, this new system is aimed at allowing enterprises to select various operational forms, to arrange production, supply, and sales and, within limits permitted by the state, to fix prices of their products and to decide the methods for hiring workers and the forms for issuing wages and rewards, as well as for recruiting, selecting, appointing, and dismissing personnel. Apart from guiding enterprises by means of economic levers, society will participate in the economic accounting work of enterprises so as to protect the legal operational rights of enterprises, to ensure that the state and society have the right to own funds and resources, and to guarantee their interests and income. Why should we implement the system of social participation in accounting work?

First, under a planned commodity economy, appropriate forms and methods should be adopted for the purpose of protecting the interests and income of the state and society, and regular supervision and examination should be conducted so as to ensure their ownership right. It is advisable to carry out such regular supervision and examination in the form of bookkeeping with social participation in accounting.

Second, since enterprises became independent with socialist commodity producers and dealers assuming sole responsibility for their losses and profits, no organizational guarantee has been provided for them with respect to value accounting, and routine accounting work has been very complicated. With no state and social participation in accounting, it would be very difficult to promptly discover loopholes and problems, and the comprehensive balance and planning of the economy would be affected. Only when there is social participation in accounting can enterprises put various reform measures and economic levers into effect.

Third, social participation in accounting reflects the fact that people are the masters of the country. Social bookkeeping organs throughout the country will participate in the accounting work of enterprises in various ways according to the scale, characteristics, and operational forms of enterprises. This method enables personnel of functional departments to go deep into enterprises, to participate in their accounting work, to expand their contacts with enterprises, to solicit opinions and suggestions from staff members and workers of enterprises, and to prevent enterprises from engaging in illegal operational activities and from harming the interests of their staff members and workers.



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Fourth, social participation in accounting work is the basis for combining plans, administration, and legal means. It is a microscope and the source of information for guiding and regulating the operational activities of enterprises. It is an indispensable link in putting enterprises in a competitive environment for legal operations.

The main tasks of social bookkeeping organs are as follows: They will take charge of the facilitation of payments. All units engaged in economic activities must open accounts with social bookkeeping organs, and all revenues and expenditures must be handled by bookkeeping organs. All economic units must submit their financial statements to social bookkeeping organs monthly, quarterly, and annually for registration and statistics. Social bookkeeping organs will make an economic analysis on the basis of these data and provide banks and financial department with the necessary statistics. Social bookkeeping organs will cooperate with economic departments concerned in supervising and examining how social funds are used. This includes checking on whether funds are used legally, whether there are financial and material guarantees for investment, and whether financial duties are performed promptly and legally. Social bookkeeping organs will regularly or irregularly report various economic activities and problems to the government so as to enable it to keep abreast of the situation and to strengthen its leadership over economic work.

In essence, social bookkeeping organs play the role of social accounting organs. Neither banks nor financial and audit departments, nor, planning and statistical departments, can replace social bookkeeping organs in their work, which is of a comprehensive nature. In the current economic structural reform, it is necessary to establish social bookkeeping organs as soon as possible in order to further strengthen macroeconomic management.

#### NEWSLETTER PROFILES PEASANT ENTREPRENEUR

OW111431 Beijing XINHUA Domestic Service in Chinese 0010 GMT 9 Apr 86

[Newsletter by XINHUA reporters Li Feng and Lin Nan: "A Wonderful Flower That Has Grown in Native Soil-- on Peasant Entrepreneur Lu Guangqiu"]

[Excerpts] Hangzhou, 9 Apr (XINHUA) -- In spring along the banks of Xizi Hu, bamboo sprang out of the soil in areas where no one paid attention. From his remote hometown, Lu Guanqiu went to the Great Hall of the People in Hangzhou and walked up to the rostrum to lecture on the party to the entire city's office party members and cadres. By describing the history of his career and the fruits of his ideology, this "10,000-yuan household" peasant and entrepreneur party member gave a very impressive lecture on the major subject, "The Road That Leads to Communism Is Right Under Our Feet."

After listening to the lecture, the reporters went to visit the factory established by this special-grade model worker of 1985 from Zhejiang Province. We noticed more clearly that, on the soil under the policy of opening to the outside world and carrying out reform, Lu Guanqiu created an achievement of "reaching the sky in a single bound," and his spiritual world was also splendidly sublimated, broad, and clean. Lu Guanqiu regarded the replacement of old equipment and the training of personnel as the most important capital construction in enterprises. He would rather reduce distribution in order to increase accumulation and replace old equipment. Currently, new equipment manufactured after 1980 accounts for 90 percent of the factory's equipment, half of which is of first-rate standards for the country.

An American trader, who was inspecting the factory, pointed at some automatic grinding machines and said: "Even our factory has not used such kind of equipment." Lu Guanqiu regarded the development of intelligent resources as enterprises' greatest reserve strength. He had been visiting universities and large factories to seek guidance from their scientific departments. He employed 19 professors and engineers from society as his factory's part-time advisers. He sent 44 people to study separately at five universities and 10 specialized enterprises, in order to bring up a "second echelon" of the factory's technological force. The nearly 400 young people in the spare-time technological school run by his factory have been studying in the evening the whole year round. Old staff and workers are all students in his training classes for the "second time around."

## XINHUA Commentator

OW110636 Beijing XINHUA Domestic Service in Chinese 0733 GMT 9 Apr 86

[Article: "The Communist Road Is Right Under Our Feet" -- by XINHUA commentator]

[Text] Beijing, 9 Apr (XINHUA) -- This agency today transmitted a newsletter entitled "A Wonderful Flower That Has Grown in Native Soil." One is inspired and enlightened while reading this newsletter.

The policy of allowing some people to become prosperous first, formulated by the party and the government, has enjoyed immense popular support and achieved very good results. Where should those who have become prosperous go? Are they ideologically deviating farther from communism or getting closer to it? Will the fact that some people are allowed to become prosperous first lead to polarization? How should those who have become prosperous, as well as all Communist Party and CYL members, link practical communist ideals with their doing a good job at their posts and with improving themselves ideologically? By his actual deeds, Lu Guanqiu has answered such new questions in real life. Everyone may comment on this or check their own answers to such questions in order to be enlightened.

The central idea of Lu Guanqiu's answers is that the communist road is right under our feet. The close relationship between realizing communist ideals on the one hand and doing one's work well and improving oneself ideologically on the other is like that between going on a long march and arrival at the destination. Of course, the road under our communist feet must be the road to communism. We must implement party and government policies, laws, and decrees on the building of socialist material and spiritual civilization and arm ourselves with communism; we must be bold in carrying out reforms, be good at doing pioneering work, continue to blaze new trails, and firmly stride toward the great goal of communism.

Village and town enterprises are an extremely important economic force in building socialism with Chinese characteristics and gradually narrowing and eliminating "the three major differences" [between town and country, between industry and agriculture and between physical and mental labor]. Correctly guiding the development of village and town enterprises is a major matter bearing on the fulfillment of this year's national economic plan and the Seventh 5-Year Plan. The Hangzhou universal joint factory contracted and run by Lu Guanqiu is an example of village and town enterprise.

Experiences are gained under given conditions, and they have their general as well as specific characteristics. In learning from Lu Guanqiu, we should learn mainly from his reform and pioneering spirit and from his keeping in mind the great goal of communism, the needs of socialist modernization, and the interests of the state and collectives.

In improving the contract system concerning village and town enterprises, we should proceed from reality, act with caution, and carefully explore ways to do so. As to how a contractor should use his profits from his hard work and efficient management, it is his own business and no one should interfere with it. While unswervingly implementing the current party and government economic policies, we should encourage the socialist spirit with communist ideology as its core.

REGULATIONS ISSUED ON RESEARCH UNITS' TAXES

OW141337 Beijing XINHUA Domestic Service in Chinese 0202 GMT 13 Apr 86

[Text] Beijing, 13 Apr (XINHUA) -- Recently the Ministry of Finance issued "provisional regulations on collecting income taxes from scientific and technological research organizations" for implementation from 1 April. The main contents of the provisional regulations are:

Scientific research units are temporarily exempt from business taxes for incomes from technological transfers, technological advisory activities, technological services, technological training activities, technological contracting activities, and technological exports.

Scientific research units are given fixed-term reductions of, or exemptions from, product taxes and appreciation taxes for new products they produce as a result of their research work, in accordance with the stipulation of the state tax law concerned.

Scientific research units are temporarily exempt from income taxes for incomes from technological transfers, technological advisory activities, technological services, technological training activities, technological contracting activities, technological exports, and technological shareholding.

Funds accrued from the reduction of, or exemption from, product taxes and appreciation taxes for new products of scientific research units, given in accordance with pertinent stipulations, should be used exclusively for technological development. Such funds shall not be considered for income tax collection.

Scientific research units are temporarily exempt from income taxes for incomes from leasing their spare instruments and equipment. Such income shall be retained by the scientific research units as exclusive funds for the replacement and remodeling of their fixed assets.

Income taxes shall be collected on the basis of a 50-percent reduction from scientific research units for incomes from investments made in energy, basic transport facilities, and old revolutionary base areas, minority-nationality areas, remote areas, and poverty stricken areas" in the first 5 years of such incomes. Temporary exemptions from income taxes shall be given for reinvestments in the above-mentioned industries and areas with incomes from previous investments.

Aside from the above-stipulated reductions of, or exemptions from, income taxes, income taxes shall be collected from scientific research units for production incomes and non-technological business incomes at the eighth-grade excessive progressive tax rate, in accordance with the stipulation of the regulations on state-run enterprises' income taxes. With the approval of tax organizations, a definite period of reductions of income taxes may be given for incomes from new products undergoing trial-marketing and products under trial production, provided there are actual difficulties in paying income taxes for these products in accordance with stipulations.



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FUZHOU HOLDS PARTY STYLE RECTIFICATION MEETING

OW150323 Fuzhou Fujian Provincial Service in Mandarin 1130 GMT 12 Apr 86

[Text] A meeting on the rectification of party style in organs directly under the provincial authority was held in Fuzhou this morning. The meeting stressed the need to strengthen leadership and to unremittingly correct unhealthy tendencies on a long-term basis.

In his speech at the meeting, (Chen Yuanhai), secretary of the party committee of organs directly under the provincial authority and deputy director of the office for the rectification of party style in such organs, reviewed the rectification of party style in these organs over the past 4 months and more. He affirmed that party style in organs directly under the provincial authority had been improved to some extent. Now, all party members are making efforts to improve party style. As a result of rectification of party style, some new phenomena have occurred in the workstyle of such organs. He also pointed out that there are still problems.

Comrade (Chen Yuanhai) put forward five points for the rectification of party style in organs directly under the provincial authority:

1. It is necessary to further raise our consciousness in this regard, to conscientiously implement the party Central Committee's principle of making resolute and sustained efforts to correct unhealthy tendencies, and to overcome the mood of slackness.
2. It is necessary to conscientiously implement the guidelines set out in Documents No. 57, issued last year by the General Offices of the party Central Committee and the State Council, and to speedily bring about a fundamental turn for the better in party style of organs directly under the provincial authority.
3. Close attention should be paid to investigating and handling cases of violating party discipline, especially major or serious cases of this kind. Conclusions should be reached after cases have been investigated. Those who continue to violate party discipline, while correcting their mistakes in this regard, should be sternly dealt with.
4. In strengthening discipline, stress should be put on doing so in organs at or above county level and among leading cadres. Strengthening discipline should be linked with strengthening party spirit.
5. Leaders should take the lead in adopting effective measures to strengthen leadership over the rectification of party style. A responsibility system should be instituted in the rectification of party style at each level.

At the meeting, the leading party groups of the provincial Forestry Department and the provincial Industrial and Commercial Bank gave briefings on their study and implementation of the guidelines set out in Document No. 57, issued last year by the general offices of the party Central Committee and the State Council.

GUANGDONG PROVIDES BERTHS FOR TAIWAN FISHERMEN

HK160723 Beijing ZHONGGUO XINWEN SHE in Chinese 0230 GMT 16 Apr 86

[Report: "Nanao Island Provides Two Berths for Taiwan Fishing Boats" -- ZHONGGUO XINWEN SHE headline]

[Text] Guangzhou, 16 Apr (ZHONGGUO XINWEN SHE) -- Nanao Island of Shantou City, Guangdong Province, recently opened two berthing areas for fishing boats from Taiwan. The two berthing areas are located in the two fine harbors in Waiqingshan and Qianjiang. The local authorities will also offer conveniences for the Taiwan compatriots to replenish supplies, take shelter from the wind, make sightseeing tours, visit relatives, and trade goods.

Nanao Island is situated at the southern end of the Straits of Taiwan. It is the homeland of many compatriots in Taiwan. It is only 160 nautical miles away from Gaoxiong City. In recent years, Taiwan fishing boats operating in the eastern Guangdong fishing grounds often sailed close to Nanao Island to seek berths or take shelter from the wind. Last year alone, some 120 Taiwan fishing boats berthed around the island, and more than 600 Taiwan compatriots were warmly received by the local government.

Apart from opening two berthing areas for Taiwan fishing boats, the island also invested more than 400,000 yuan last year to build a 3-story building with a total floor space of some 1,300 square kilometers as a reception center for Taiwan compatriots. In order to ensure the safety of Taiwan fishing boats, five navigation mark-lights have been set up on the nearby islands so that Taiwan fishing boats can safely sail to Nanao Island.

LIN RUO ADDRESSES GUANGDONG LEGAL CONFERENCE

HK110910 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 8 Apr 86

[Text] Yesterday, at a provincial conference on political and legal work, Lin Ruo, secretary of the provincial CPC committee, stressed: It is necessary to further strengthen the building of socialist democracy and the legal system and to continuously and severely crack down on serious crimes and serious economic crimes.

The provincial conference on political and legal work was held in Guangzhou from 1 to 7 April. The conference conveyed and implemented the spirit of the recent national conference on political and legal work, stressed the importance of solving the problem of understanding the relationship between construction and the legal system and between democracy and dictatorship, analyzed our province's current public security situation, and made plans for continuously cracking down on serious crimes and serious economic crimes.

Comrade Lin Ruo attended the conference and spoke yesterday morning. He emphasized that CPC committees and leading cadres at all levels must act as models in abiding by and enforcing state laws, adhere to the principle that everyone is equal in the face of the law, strengthen education in elementary legal knowledge for the cadres and the masses, and apply the law in solving whatever problems. It is necessary to work hard and do well in comprehensively tidying up social order, he said.

Lin Ruo went on: our province has been very successful in severely and quickly cracking down on serious crimes in accordance with the law. Social order has markedly improved. However, criminals in some places are now still very arrogant. We must therefore by no means relax our efforts. We must continuously and severely crack down on them.



As for cracking down on serious economic crimes, Comrade Lin Ruo emphasized: getting serious about cracking down on economic crimes represents the starting point in really changing party style and the general mood of society. We must now step up investigating and dealing with many big and important cases, eliminate all obstacles and interference, and continue investigations to the end. We must also openly deal with this problem on a large scale. All areas must identify some good, typical examples, vigorously publicize them, and use positive and negative typical examples to educate the cadres and the masses. In investigating and dealing with economic cases, we must adhere to the spirit of seeking truth from facts, clearly investigate the facts surrounding the crimes, and not work in a summary fashion. We must correctly deal with all cases. We must distinguish between right and wrong. We must be neither excessively strict, nor lenient. What should be strictly dealt with must be strictly dealt with. What should be leniently dealt with must be leniently dealt with. We must not be too lenient or indulgent with criminals. We must crack down on economic criminals but at the same time guarantee that the economy remains invigorated.

GUANGDONG'S YE XUANPING INTERVIEWED IN BEIJING

OW140931 Beijing XINHUA Domestic Service in Chinese 0730 GMT 10 Apr 86

[Newsletter by XINHUA reporter Yang Jisheng: "An Interview with Guangdong Provincial Governor Ye Xuanping"]

[Excerpts] Beijing, 10 Apr (XINHUA) -- During the Fourth Session of the Sixth NPC, a XINHUA reporter interviewed Ye Xuanping, deputy to the NPC and governor of Guangdong Province, at the quarters of the Guangdong delegation in the western suburbs of Beijing Municipality.

Being a technocrat, Ye Xuanping is known for his practical and realistic style of work. With more than 40 years of being a party member, he was a leading cadre at the Beijing Machinery Bureau and the Third Bureau of the State Science and Technology Commission. He attended the Eighth National CPC Congress.

Ye Xuanping was appointed vice governor of Guangdong Province in 1980. Having engaged in technical work for a long time, he was hesitant at the time to take up leadership work in government. Nonetheless, his performance as vice provincial governor has been successful and he has often been praised by the people as a man of action. He was appointed mayor of Guangzhou City in 1983, and later as governor of Guangdong Province. He has distinguished himself by his practical achievements.

Talking about the speed of development of Guangdong Province during the Seventh 5-Year Plan, he analyzed the province's capabilities, production conditions, markets, and other limiting factors. He believed that the factors restricting Guangdong's economic development were funds, energy, and raw and semifinished materials.

He said: "During the Sixth 5-Year Plan, the province's total industrial and agricultural output value grew at an average of 13.6 percent annually, resulting in acute shortages of energy resources, funds, and raw and semifinished materials. We will do our best during the Seventh 5-Year Plan, and strive for an annual growth rate of 9 percent." But he added: "Of course, the speed of development can be higher if some departments and localities can overcome the limiting factors. We must not practice uniformity in the speed of development but must proceed from actual conditions."

Since assuming office as governor of Guangdong Province, Ye Xuanping has done a lot of practical work. Over the past six months, he has concentrated his energy mainly on macroeconomic control and long-term development in Guangdong Province's economic work in order to achieve stable and sustained economic development for the province.

Dwelling on the future of Guangdong Province, Ye Xuanping said: Guangdong is the main gate to the south of China. With Hong Kong and Macao lying not far south of Guangzhou City, the province has easy access to the outside world. It is located in an excellent position, geographically. Having adopted an open policy at an earlier date and having been granted many preferential policies by the state, I often ask myself: "How can Guangdong Province make still greater contributions to the state?" Gesturing with his hands, he described the prospects of development of Guangdong Province to the reporter.

Guangdong will become a hub of development, fanning out in all directions. Externally, it will develop an export-oriented economy, boosting exports while introducing advanced technology from abroad. Internally, it will digest the imported technology and disseminate it further inland. It will also strive to develop multiple lateral economic ties in its domestic economy. In this way, Guangdong will surely become a hub of development, fanning out in all directions in China and in the world. Then, the province's contributions to the nation will indeed be great.

Ye Xuanping said: "It is by no means easy to attain this goal. The key to attaining this goal lies in further implementation of the policies of opening to the outside world and reforming the economic structure. Continuous opening and reform have become the guiding ideology of the state's seventh 5-Year Plan. I am confident that this goal will be achieved."

Ye Xuanping is the eldest son of Comrade Ye Jianying, proletarian revolutionary of the older generation. He went to Yanan to receive revolutionary education when he was only 15 years old. Recalling his revolutionary career, he voiced his aspirations to the reporter with these words: "I frequently ask myself the question: What ideas have affected me most in the years of party education? It is to have a correct outlook on life and a Communist conviction. It is to adhere to dialectical materialism and historical materialism. It is the spirit of serving the people and the attitude of being responsible toward work. They made me to be soberminded at times of success, and they support and inspire me to advance at times of difficulties and setbacks."

#### HENAN HOLDS POLITICAL-LEGAL WORK CONFERENCE

HK110911 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 9 Apr 86

[Excerpts] A provincial political and legal work conference was held from 3 to 9 April in Xuchang. The conference emphatically pointed out that in 1986 CPC committees and governments at all levels must pay serious attention to and strengthen the building of a socialist legal system; hit hard at serious criminal and economic criminal activities; earnestly implement various measures on comprehensive improvement of public order; effectively improve the building of political and legal personnel; and do their utmost to steadily improve public order.

At the beginning of the conference, Song Zhaoshu, Standing Committee member of the provincial CPC Committee and secretary of the provincial Political and Legal Committee, relayed the spirit of the national political and legal work conference and of the speeches by Comrade Deng Xiaoping and other central leading comrades.

Yang Xizong, secretary of the provincial CPC Committee, and Liu Zhengwei, deputy secretary of the provincial CPC Committee, spoke at the conference. Zhao Di, deputy secretary of the provincial CPC Committee, and Zhang Zhigang, Standing Committee member of the provincial CPC Committee and provincial vice governor, also attended the conference.

The participants earnestly studied important speeches by Comrade Deng Xiaoping and other central leading comrades and the spirit of the national political and legal work conference; held discussions in connection with the situation in the province; and clearly understood the strategic idea of grasping construction on the one hand and rule by law on the other. They unanimously held that strengthening the building of the legal system is an essential issue for our country. In the new historical period, our central task is to build the four modernizations. We must have modern ideas in building the four modernizations. Building a democratic society which rules by law is a modern idea.

Cadres at all levels, leading cadres in particular, must set a good example in abiding by the Constitution and the law, uphold the principle that every one must answer to the law, resolutely enforce the law, and severely deal with unlawful acts.

The conference held that just as in the whole country, public order in the province has remarkably improved. However, almost the new economic reform situation, opening up to the outside world, and stimulating the domestic economy, the province is still faced with some new public order problems. We cannot lower our guard and slacken our vigilance merely because there has been some improvement in public order. We must continue to hit hard at serious criminal activities, severely and promptly punishing according to the law those serious criminal elements who commit such crimes as murder, arson, bombings, rape, robbery, and hooliganism which threaten people's security and jeopardize public order. We must resolutely halt and prohibit all corrupt and evil acts which seriously jeopardize the general social mood.

The conference emphatically pointed that CPC committees and governments at all levels must effectively strengthen their leadership over the struggle against serious economic crimes. Public security, procuratorial, legal, and judicial departments must view hitting hard at serious economic crimes as an important task and firmly and properly do so. It is necessary to deal with many large and important cases and to severely punish a number of serious economic criminals.

On earnestly implementing various measures on comprehensive improvement of public order, the conference pointed out that it is necessary to properly link comprehensive improvement of public order with strengthening political and ideological work and building spiritual civilization, while promoting the contract responsibility system in maintaining public security and settling people's disputes according to local conditions.

The conference held that political and legal organs are organs of state power which should difficult and heavy responsibilities. To effectively bring into play the functional role of political and legal organs in protecting people, hitting hard at enemies, punishing criminals, and serving the four modernizations, great efforts should be made to upgrade the quality of the political and legal personnel.



Attending the conference were responsible comrades in charge of political and legal work from CPC committees of all prefectures, cities and counties; responsible comrades from political and legal committees of all prefectures and cities; responsible comrades from all courts, procuratorates, public security bureaus, and judicial offices of all prefectures and cities; responsible comrades from the political and legal committees of all counties and districts; responsible comrades from provincial political and legal departments, and responsible comrades from the relevant provincial departments.

#### HUNAN GOVERNOR STRESSES GRAIN WORK IMPROVEMENTS

HK140318 Changsha Hunan Provincial Service in Mandarin 1100 GMT 13 Apr 86

[Excerpts] Governor Xiong Qingquan pointed out today at the provincial conference on grain work that it is necessary to persevere in the reforms of the grain procurement and marketing system and perfect the system of placing contract orders for grain. On the basis of doing a good job in grain procurement and sales, the province should improve its management in handling grain and oil and promote their in-depth processing. Grain enterprises should reduce deficits and increase surpluses as soon as possible.

Governor Xiong stressed that reform of the economic structure is a process of changing over from the old to a new system. This is a process of advance. Our reforms are unprecedented. We have no ready-made models or mature experience to follow. We can only carry out arduous probing under the guidance of basic Marxist theory.

He pointed out: By doing a good job in the in-depth processing of grain, we can improve the masses' living standards and also enable the grain enterprises to increase their output value through processing and thus succeed in reducing deficits and increasing surpluses. The grain departments at all levels should make specific plans for actively developing the food and fodder industries. They should promote in-depth processing, using grain and oil as the raw materials.

Vice Governor Yang Huiquan also spoke at the meeting today. He stressed: The grain contract order system we have instituted is both a contract order and also a state task. We must ensure the fulfillment of these contract orders. Viewed in light of the country's economic construction requirements, China's grain supplies are still at a low level. The situation of difficulty in selling grain which arose a few years ago was mainly caused by lack of sufficient storage facilities, weak conversion capacity, and lack of transport. We must proclaim the facts and provide the peasants with correct information, to enhance their enthusiasm for grain production and for the development of grain production.

GANSU SETS QUARTERLY INDUSTRIAL OUTPUT RECORD

HK150832 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 8 Apr 86

[Text] In the first quarter of this year, the province's gross industrial output value totalled 2,768 million yuan, fulfilling 22.52 percent of this year's target. This was a 9 percent increase compared to the same period of 1985, thereby breaking records in terms of output value in a quarter.

Starting in 1986, the province's industrial production departments and enterprises adopted various effective measures to deal with production problems which developed in January. They started paying closer attention to production in a balanced way. With insufficient raw materials and funds, they undertook vigorous steps to save energy and check energy consumption, as well as in other work, thereby tapping existing potential. They also expanded the production of marketable goods and worked hard to overcome difficulties. Thus, they encouraged a favorable turn in the production situation.

Production speed improved markedly in March. Gross industrial output value totalled one billion yuan, overfulfilling the monthly quota by 8 percent. Except for some units and localities, the major departments and bureaus, as well as prefectures, autonomous prefectures, and cities, had promoted relatively high growth rates. The growth rates of collective enterprises and light industry exceeded those of enterprises owned by all the people and heavy industry. Compared to the same period last year, the output value of 62 out of 100 kinds of major products increased.

NINGXIA HUI TRANSPORTING RICE TO SHANGHAI

OW162145 Beijing XINHUA in English 1453 GMT 16 Apr 86

[Text] Yinchuan, April 16 (XINHUA) -- The Ningxia Hui Autonomous Region, once a grain-deficient area, is transporting rice and corn to Shanghai for export for the first time.

A local official said here today that the region, in northwest China, plans to export 5,000 tons of rice and as many tons of corn this year. Over the past 30 years and more, particularly in recent years, the state has helped local peasants improve irrigation facilities along the 400-km section of the Yellow River and farm scientifically. As a result, the region, which has a population of four million, produced 1.55 million tons of grain in 1984 -- its first grain-surplus year.

The region exported 2,000 tons of miscellaneous grains other than rice and wheat last year.

HSIN WAN PAO SEES RAID ON LIBYA AS 'GLOBAL STRATEGY'

HK161512 Hong Kong HSIN WAN PAO in Chinese 16 Apr 86 p 1

["New Talk" column: "The U.S. Raid on Military and Government Installations in Libya"]

[Text] The latest military conflict between the United States, a superpower with a population of 220 million, and Libya, a country which depends wholly on oil production and has a population of only 3 million, has caused worldwide repercussions. This has once again proven that the incident is not a regional incident, but one which affects the entire international situation. American President Ronald Reagan could not possibly only consider the question of Libya when deciding together with his cabinet to launch the attack on Libya. They must have carefully studied the possible losses and gains of the attack for the entire U.S. foreign policy. The military target is Libya, but the political target is another country, obviously the Soviet Union.

Militarily, the United States has won complete success in the attack. The attack has not only destroyed Libya's military installations, but also destroyed Al-Qadhdhafi's intelligence department and his residence. The attack has not only tested the strength of America's new tactical weapons but also exhibited the United States' capability of fighting a local war.

Politically, however, the United State's loss outweighs its gain. Although the British Government agreed to let the American planes take off from Britain, and some world opinion supports Reagan's argument of "punishing Al-Qadhdhafi," most of the countries in the world think that the U.S. raid on Libya has poisoned the entire international situation. These countries are dissatisfied with the United States. Some of these countries have criticized the U.S. raid on Libya, and some have made accusations about the U.S. raid on Libya, while others feel uneasy about the raid. These countries are mostly West European countries. They do not sympathize with Al-Qadhdhafi, nor do they agree with the large-scale U.S. military action against Libya. France and Spain even refused to let the U.S. planes fly over their territorial airspace. China is also among these countries. China has always opposed all forms of terrorism, but also opposes the invasion of a sovereign state on the excuse of fighting terrorism.

According to the report carried by TIME, a weekly published in the United States, public opinion in Western Europe thinks that there is not an "international terrorism headquarters" in the world. Those engaged in terrorist activities include Lebanese, Syrians, Iranians, and Palestinians. The U.S. raid on Libya might cause the escalation of vicious circle, and the violent activities might increase rather than decrease. They pointed out that the key lies in how to settle the conflict between the Arab countries and Israel, the question of Palestinian refugees, and other Middle East questions. The settlement of these questions is the only way to reduce violent activities. It can be said that the United States has had one of its wishes realized, which is to create tension in U.S.-Soviet relations by attacking Libya, because the attack will be beneficial to the United States when the United States and the Soviet Union start disarmament talks in Geneva. The attack will also help the United States to widen the distance between the United States and the Soviet Union at the U.S.-Soviet summit meeting, and help the United States to continue to implement its "star wars" plan.

The Soviet response towards the attack also pointed this out. The Soviet Union says that the U.S. military action is actually a reply to the Soviet proposal and aims at damaging the relations between the two countries. Moscow has announced its cancellation of the scheduled talks between Soviet Foreign Minister Shevardnadze and U.S. Secretary of State George Shultz in Washington next month. This announcement might have been predicted by Reagan before the United States sent its planes to bomb Libya.



The U.S. raid on Libya is not a regional incident. The raid has to do with the White House's global strategy. The losses and gains of the attack cannot be assessed only by looking at the success of the 15-minute air raid.

WEN WEI PO TERMS U.S. AIR RAID 'UNPOPULAR'

HK161340 Hong Kong WEN WEI PO in Chinese 16 Apr 86 p 2

[Editorial: "An Unpopular Air Raid"]

[Text] After Reagan's special envoy toured Western European countries and a giant fleet headed by two aircraft carriers entered the southern Mediterranean Sea, the United States launched an air raid upon Tripoli and Benghazi (at 0200 Libya local time) on 15 April. Without thoroughly pondering the issue, people may praise this well-prepared operation by the United States. Such a reaction seems to be no different from cheers for Rambo-type heroes from a cinema audience.

The world that Rambo faced was created by screenwriters and a director. In such a fictional world, Rambo could dash around madly regardless of the consequences, "doing what he had been wanting to do." However, as the President of the United States, Reagan should never ignore norms guiding international relations, acting as "world police" when he chooses and wantonly invading other countries, although he has the right to act as an "antiterrorist" hero.

International terrorist activities will absolutely not come to an end but instead the situation will become more tense because of the U.S. air raid. At the same time, the hostilities between the United States and Libya will serve as an unstable factor to inevitably continue to unfavorably affect the tangled Middle East issue.

The conflicts between the United States and Libya are long-standing and, due to profound political and economic factors, the two countries have been on bad terms since the early 1970's. The dispute over the boundary of Libya's territorial waters in the Gulf of Sidra and the terrorist activities are just two of the many issues arising between the two countries in recent years. Al-Qadhdhafi has been regarding the United States as Libya's number one enemy and has been fighting with the Americans in a tit-for-tat manner. As Libya is not located in Latin America -- the United States' backyard -- it is not so easy for Reagan to get rid of Al-Qadhdhafi in the same way as Grenada.

The United States claims that the purpose of this air raid against Libya was to stop terrorist activities, accusing Libya of being directly responsible for the recent explosion in a West Berlin disco. On the eve of the air raid, the Libya Foreign Ministry issued a statement denying any reports linking Libya with the explosion of the TWA airplane and the West Berlin incident and declaring that it is against all terrorist activities like others are. Of course, one can hardly tell whether Libya really meant what it said or just told a lie. However, if the United States had really wanted to stop terrorist activities, it would have been completely possible for the country to stick to this common ground and start dialogue with Libya to sound out the latter's sincerity in opposing terrorism. Reagan said the United States resorted to a military operation only after all other measures had been proven useless in the effort to stop Libya from continuing its terrorist activities. Reagan's argument can hardly convince others in light of the development of the situation.

Four Americans died in the TWA airplane explosion and an American and a Turk were killed in the explosion at a West Berlin disco. All of them were victims of terrorism and deserve the sympathy of the whole world.

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However, the casualties on the Libyan side caused by the U.S. military operation in late March and the current air raid exceeded by far those caused by the above two incidents. Both the French and Japanese Embassies were damaged during the air raid, indicating that the raid targets were rather close to or were actual residential districts. Human lives, American or Libyan, are precious. To be sure, blowing up a disco to kill innocent people is a crime. But can it be denied that making an air raid to kill civilians is not a crime as well?

Reagan's decision will certainly win a lot of cheers in the United States since many Americans still cherish the memory of the glorious days when the country was insufferably arrogant in the world. While posing as a hero, Reagan has also helped to create a heroic image of his rival. Nationalism is by no means an exclusive U.S. ideology. Al-Qadhdhafi should thank Reagan for offering him an opportunity to rise as a symbol of resistance to foreign invasion. The two successive military operations by the United States will only push more supporters to cross over to the Libyan side. Apart from Britain and West Germany, there are few countries supporting this air raid by the United States. Even Egypt, whose relations with Libya have long been tense, has also criticized the United States for its act. The UN Security Council is discussing this event. It is reported that the OPEC conference currently underway in Geneva will also discuss this case. All the peace-loving peoples in the world are watching this part of the world attentively to see whether the hostility will be further escalated and whether the situation will be further aggravated.

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